MINISTER OF FINANCE

OPENNESS, EFFECTIVENESS AND ACCOUNTABILITY IN THE MANITOBA GOVERNMENT

A REPORT OF OPPORTUNITIES TO BUILD PUBLIC CONFIDENCE IN DEPARTMENTS, AGENCIES AND FUNDED EXTERNAL ORGANIZATIONS

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PREFACE AND SUMMARY OF RECOMMENDATIONS

In the Fall of 1989, the Minister of Finance pointed out in the government's first budget presentation that:

> "Manitoba is at a crossroads - a turning point in our history. We are facing decisions that seriously affect our future prosperity and way of life... Manitoba's spiraling debt poses a direct threat to our social and economic progress. It must be brought under control in order to maintain quality social services and to build a better Manitoba."

Thousands of governmen[illegible]nanced services are responding to limitless opportunities to serve the needs of the public right across the province. Each individual, family or community may have a different view of what they expect from government and what constitutes value for money. Service providers always see opportunities to expand the scope and levels of service. Ministers and decision-makers worry if they are receiving all the information and explanations they should receive. In other cases, the off-hand or anecdotal information and reports they receive from an unpredictable variety of sources, create a serious analytical and information overload. There is no easy way to reduce government expenditures and the demands for government services. There is no easy way of ensuring that the people of Manitoba receive the optimum value for money from public expenditures.

Whether government is performing well or needs improvement is of little consequence if members of the public, elected bodies and government organizations cannot agree. Effective explanations of government activities depends upon the quality of the public debate about objectives, activities and performance. This discussion is the heart of strengthened accountability. In turn, it is part of the solution of the difficulties just described.

Accountability has two components. It starts with delegating authority and responsibility, with a set of expectations and rules to guide decisions and actions. It follows with a reporting obligation to supply comprehensive, understandable and fair information and explanations about how well the responsibility and authority have been discharged.

Delegation by government starts with managers and administrators. To some extent this delegation is based with service providers, program beneficiaries and other participating communities. We need constructive discourse between members of the Manitoba Civil Service and the public they are serving. We do not want to waste time and competitive advantage pitting one community against another with adversarial or

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legalistic mechanisms. We do not want accountability to be a win-lose mentality where the winner is the party that best stage manages its arguments. Nor can we let the Civil Service be co-opted by particular communities. The immediate challenge is to deal with our problems in an analytical, sensitive, deliberate way. The ultimate challenge is to enhance the quality of life as well as the responsiveness and competitiveness of our province. We are all in this province together, sharing in its economic destiny. We are also well positioned with natural and human resources. We all benefit from social and economic progress. All responsible Manitobans have to pay the bills. Accountability has to foster this sense of partnership and commitment to shared values and realistic expectations.

In addition to government departments, there is a need to assess accountability by organizations that depend upon government for their major funding. Some are agents of government, delivering programs or providing services that otherwise might be offered by a department. Other external organizations are not agents but nevertheless, receive government funds because they contribute broadly to the community interest through their own programs or projects. Since they receive public monies, government must account for the benefits drawing mostly upon the information it receives from outside organizations. There is a direct relationship therefore, between government's accountability to the public and that of these organizations to the government.

There is accountability in the Manitoba government. The province's civil servants should be commended for their commitment in meeting the needs of Manitobans as well as they now do. Government employees already provide much information to ministers, other members of the Legislative Assembly and to the public. However, at the same time, departmental staff are constrained by traditional approaches and internal controls, many of which are so detailed as to be counter-productive. The main challenge is removal of obstacles to greater accountability. The ability and resolve of the Manitoba Civil Service are not among these barriers.

Effectiveness and efficiency in government are measured in terms of realized benefits, program activities and costs. Financial and other types of controls have a lot more to do with costs than with benefits. Excessive dependence upon controls can restrict the ability of management to make important tradeoffs. If managers are to produce more for less, they must be able to adopt more economical approaches, for example, by investing in workplace technology to reduce operating costs. The objective is to contain demands for future funding by substituting cheaper resources for more expensive ones. Thus, managers require reasonable discretion in determining how budgets will be allocated for staffing, investment in workplace technology, and for purchases of goods or services. Given this managerial perogative, departments and external organizations can be more truly accountable for the benefits they generate for a given level of financial support.

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Gaining control of expenditures is more complicated than the mere imposition of review and approval procedures. For government, the main budgetary challenge is finding opportunities to finance new or growing programs without having to increase taxes. This only happens when expenditures grow more slowly than revenues or operating deficits are allowed to increase. If revenues are restrained and additional deficit financing is no longer an option, expenditure reduction is needed. This can be achieved by curtailing expenditures on lower priority programs or by improving productivity. Each department should be expected to contribute to expenditure control by keeping its requirements for funds in line with an approved plan. This may mean that one department's expenditures will be allowed to rise while another department's expenditures fall in order to remain responsive to changing priorities.

More emphasis is needed on effective budgetary control instead of on scrutiny of individual spending transactions. For example, much time is now being consumed on approving business trips of individual employees. On the other hand, departments can incur budget overruns of millions of dollars on entitlement programs with minimal expenditure review. To counter this inconsistency, department heads should be held accountable for financial results not for decisions on particular expenditures. This accountability, coupled with government-wide budgetary leadership by Treasury Board, will help maintain effective expenditure control. Reporting between departments and Manitoba Finance should be redesigned to help deputy ministers, program managers and Treasury Board manage more easily their requirements for funds, preferably from a multiyear perspective.

Departments are expected to fulfill their program mandates while meeting overall budget objectives. Providing these conditions are satisfied, central agencies should not worry at length about operational or administrative details. The strategy is creation of a setting for the work of senior officials and program managers that will allow them to get on with the job of effective and accountable government. Our recommendations are intended to be catalysts in bringing this about.

In the body of our report, we describe the current organizational context of accountability. This encompasses the roles of departments, central agencies and external organizations. While there are barriers to improved accountability, there are also existing strengths. For example, financial control appears, in general, to be appropriate. Moreover, the comparative compactness of the Manitoba Government makes improvement easier than it would be in larger jurisdictions.

There is much agreement that accountability would be enhanced by a common reporting framework. Towards this end, we examined the potential of an accountability model originally proposed by the Canadian Comprehensive Auditing Foundation. The essence of this approach is

assessment of organizational effectiveness in terms of twelve attributes. In discussions with many government officials, we found that these were helpful and efficient in promoting comprehensive explanations of existing activities and programs.

The proposal to set up an office of accountability for a fixed term of five years is made in response to a need for leadership. Someone must be in a position to assess, independently and objectively, the quality of internal and public debate about departmental programs and the support government provides to external organizations. However, once governmental priorities for strengthened accountability have been set, the mantle must pass to departmental staff. From then on central agencies should support and not direct.

As a result of our review, we submit the following 15 recommendations to strengthen accountability both in government and by external organizations that depend heavily upon grants by the Manitoba Government. In addition to an accountability framework, we propose re-definition of many existing organizational relationships.

1. The Treasury Board should develop a policy statement that clearly states and communicates the objectives of accountability initiatives in such areas as:

   - Building on experience.
   - Clarifying the authority and responsibilities of Ministers, managers and external agencies;
   - Reinforcing management's obligation to provide comprehensive, understandable information and explanations about effectiveness.
   - Encouraging managers in government and external agencies to reconcile competing policy perspectives in their decision-making.
   - Reconsidering past strategic choices in program design and relationships among programs, the needs to be met and the types of programs to be used.
   - Integrating long term planning with daily decision-making.

2. The Treasury Board should specifically request managers in government and governing authorities of external organizations funded by government, to provide accountability information, explanations and judgments in terms of each of the twelve attributes of effectiveness:

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- Management direction
- Relevance
- Appropriateness
- Achievement of intended results
- Acceptance
- Secondary impacts
- Costs and productivity
- Responsiveness
- Financial results
- Working environment
- Protection of assets
- Monitoring and reporting

3. Treasury Board should explicitly consider, approve or modify each of the recommendations in this report and assume direct responsibility for monitoring progress until there is a dedicated official in place with this responsibility.

4. Treasury Board should convene a meeting of deputy ministers and heads of central authorities to review the roles of Treasury Board, the Civil Service Commission, the Department of Finance and individual departments. Discussions should be held on the roles of these organizations in terms of their responsibilities for:

   - The preparation of annual budgets.
   - Development of staffing plans.
   - Procurement of goods and services.
   - Classification and assignment of staff.
   - Staff recruitment, promotion and discipline.
   - Prospective and retrospective reporting by departments in regard to delegated authorities.

   Following these discussions, a process should be adopted and a timetable set for assessing potential improvements and implementing changes.

5. Treasury Board should be prepared to respond constructively, including agreeing to the rationalization of some central agency controls, to those ministers, deputies and external organizations that come forward with comprehensive, credible commitments to provide information and explanations that will establish their accountability to the government, the Legislature and the general public for effectiveness and strategic choices. Initial consideration should be given to

allowing those heads of departments who make a firm commitment to implementing other recommendations:

- To make commitments for any single purchase of goods or non-professional services valued up to $100,000 when the required funds have been provided within a department's approved expenditure budget.

- To authorize the filling of any vacant but required position not in the senior officer series, without regard to overall vacancy rates.

- Subject to compliance with tendering requirements, to approve the retention of engineers, architects, consultants and lawyers and other professional advisors for any engagement that has a stipulated value of $50,000 or less whenever required funds have been provided within a department's approved expenditure budget.

- To approve out-of-province travel by departmental staff.

- To approve the organization of business meetings.

- To transfer operating funds from any account to another, within one vote, with the approval of his or her minister.

The goal should be to replace or remove existing controls on departments rather than to add new ones.

6. An Accountability Commissioner should be appointed to provide leadership to government-wide accountability initiatives during an active implementation period. The Accountability Commissioner should:

   - Be recruited at the level of deputy minister, for a term of three to five years, with appropriate authority to appoint other full-time or part-time commissioners, advisors or a small nucleus of staff.

   - Report to Treasury Board as an associate secretary.

   - Have access to agenda, submissions and supporting information concerning major proposals before Cabinet, understand and advise as to their accountability implications, and ensure that the information, explanations and strategic choices that emerge from the accountability initiatives serve the needs of Cabinet.

- Provide leadership, research support, coordination, advice and assistance to deputy ministers of major departments who carry the direct responsibility for implementation in their departments and for encouraging implementation in external agencies.

- Provide expert and objective information on inter-departmental analysis of accountability and on the status of accountability initiatives to Cabinet, The Public Accounts Committee and other legislative committees.

- Enjoy the broad respect of the public, elected officials and departmental managers, possess sound knowledge of government operations and have a general management background.

7. Every deputy minister should develop a plan to inform the minister and the Accountability Commissioner about how the department intends to improve its accountability reporting within the next three years. The plan should give appropriate consideration to:

   - All the important activities of the department.

   - All the attributes of effectiveness in the suggested reporting framework.

   - Strategies for encouraging accountability initiatives in external organizations.

   - Use of the framework for strengthening interdepartmental and inter-organizational accountability for improving effectiveness and making strategic decisions about programs, organization and operations.

   - The breadth and depth of information and explanations now available within departments and economical ways of upgrading this information as appropriate.

   - The contributions that can be made by managers and by supporting measurement and analytical groups such as the human resource, survey research, engineering and operations, financial, information systems, internal audit, economics and program evaluation communities.

   - The most constructive way of consolidating this information and bringing it to the attention of the minister, central agencies, the public and legislative committees.

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- The needs for communication, training and guidance with the department and communities of external organizations so that they are well prepared to participate in these accountability initiatives.

- The extent that the department is ready and willing to start with (1) aggressive, (2) targeted, or (3) reactive approaches to implementation of the comprehensive reporting plan.

8. Deputy ministers and program mangers in government should, as an integral part of the funding agreements with external organizations, negotiate the terms and conditions for a comprehensive reporting plan from each organization, designed to ensure that the government has an opportunity for an in-depth consideration of the accountability and effectiveness of each organization at least once every three years. The reporting plan should encompass:

   - Specification of key attributes of effectiveness and the data to be submitted in respect to each.

   - The expected format and frequency of the reports.

   - Procedures for submission and subsequent review by departmental staff of reports provided by external organizations.

   - Description of any special examinations to be carried out by the auditors of the recipient organization.

   - For organizations that depend on government support multi-year, a schedule for program evaluations or comprehensive reviews with provision for departmental staff to comment on the proposed design of such studies.

9. The Comptroller's Division should have a small nucleus of staff, some of whom may be seconded from line departments, who would be available to bring specific expertise, methodology or interests to supplement departmental evaluation and audit resources on specific projects.

10. Ministers should make reference to the types of illustrative questions underlying the reporting framework when formulating questions to staff about the opportunities and choices for improving programs and setting objectives.

11. When approving grants to external organizations, ministers should:

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- Ensure that officials have gone as far as is desirable and feasible in negotiating the reporting obligations of the organization, encouraging organizations to make social and economic trade-offs before applying to government for assistance, and obtaining undertakings as to the reliability of the organizational arrangements, processes and incentives for accountability within the organization.

- Ensure that ministerial approval is unequivocally linked to the obligations negotiated by staff.

- The reporting undertaking of the organization is explicitly part of a funding agreement and defined in terms of key attributes of effectiveness, data to be provided, reporting procedures and expectations regarding special audit examinations, program evaluations and comprehensive reviews.

12. The role of the Civil Service Commission should be redefined to provide for:

- Assumption by departments of full responsibility for assigning staff to government-approved classifications maintained by the Civil Service Commission.

- Development of staffing plans based upon numbers of approved positions within prescribed salary ranges rather than by one-to-one matches of departmental positions to individual classifications.

- Development and implementation by the Commission of a human resources audit capability to identify and report upon needs for government-wide standards, when these are required.

13. Boards, officers and auditors of external organizations receiving government funding should be encouraged to:

- Establish audit committees of the board, preferably made up of non-officer directors and including expertise in management, to provide leadership and objectivity to accountability initiatives in the organization.

- Assess the status of current accountability relationships and ensure that appropriate by-laws, reporting, budgetary and commitment controls are in place to ensure that boards of directors have the responsibility and mechanisms to ensure that organizations do not

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overspend approved budgets that may require provincial funding of deficits.

- Develop plans for comprehensive reporting of their accountability and effectiveness, using the suggested reporting framework of twelve attributes as a point of departure, and ensuring that there is a comprehensive review of this information on a three to five year cycle.

14. The Provincial Auditor should seek to improve the information, explanations and judgments about accountability and effectiveness that managers provide to the Manitoba Government and Legislative Assembly by:

- Reviewing the comprehensive reporting plans of each department and the government as a whole, as recommended in this report, and offering information about implementation progress and needs to the Manitoba Government and the Legislative Assembly.

- Conducting demonstration projects to help develop expertise in comprehensive reporting and auditing.

- Advising departmental staff of audit findings that may illustrate needs for improved accountability.

- Considering, with the Public Accounts Committee, alternative legislative proposals to enhance the ability of the Provincial Auditor to encourage managers and ministers to provide complete and fair information about accountability and effectiveness.

15. To encourage non-partisan consideration and reporting of the strengths, weaknesses and recommendations affecting the obligation of government to provide better information, explanations and judgments about accountability and effectiveness, the Public Accounts Committee should:

- Clarify its role in standing orders, the Committee's terms of reference and its membership.

- Have a steering committee to work with the Clerk of the Legislative Assembly and others to set the Committee's agenda and prepare members for meetings.

- Consider the comprehensive reporting, evaluation and internal audit plans of the departments and agencies.

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- Offer advice to the Accountability Commissioner, Treasury Board, the Provincial Auditor, and to other committees of the legislature concerning their roles in strengthening accountability.

- Review this report and government's response to the recommendations.

- Agree with the Provincial Auditor, to a comprehensive audit plan in which each government organization would be examined every three to five years in accordance with the accountability framework.

- Refer to other committees of the Legislature significant issues that require more specialized attention.

Our elected officials cannot do everything. Much of government's work is technical or demands knowledge of issues acquired over decades of work with members of the public. Therefore, the political system must help elected officials to do, in a democracy, only what they themselves can do - the making of value judgments about the public interest. For this, they depend upon and must have well organized information, committed support, and accountability of their departmental managers and the boards of directors of outside organizations that provide services on government's behalf or derive most of their financial support from government. Our recommendations are designed, in part, to help achieve this result.

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I. INTRODUCTION

We are pleased to submit this independent review of accountability, financial management and control systems in government and relationships between government and external service delivery agencies.

A. THE PRODUCT

In this review report, we explain how the Manitoba Government can significantly strengthen the accountability of government departments, commissions, agencies and organizations receiving government funds. The last group includes organizations providing health, education, social, business, research, cultural and community services. The review was prepared for the Minister of Finance in a form that may also be useful to:

- **Members of the legislative assembly** and its committees.
- **Members of boards of directors, trustees and councils** of organizations receiving financial support from the province, and their executive directors, chief administrators and other officers.
- **Ministers, deputy ministers and other officials** of government responsible for making program and financial decisions.
- **The variety of analysts** representing accounting, market research, economics, engineering, human resource, social research, audit, information systems, program evaluation and other disciplines who are

involved in assembling information to help managers understand and explain performance, effectiveness and accountability.

This review offers an opportunity to advance the quality of public administration and accountability in Manitoba. For elected officials, there is the prospect of better and more relevant information. For departmental managers, there is hope that cumbersome and time-consuming controls can be streamlined and that authority can be delegated more to lower levels of the organization. Thus, accountability is a two-way street.

Effective implementation will require some patience, commitment and coordinated support to reinforce the good intentions and goodwill of participants. The benefits will help give Manitobans more value for money from the public sector, or more confidence in government, and an advantage in achieving social and economic progress.

B. THE SCOPE OF OUR WORK

In accordance with our terms of reference and proposal, our review consisted of:

1. Day-long discussions with groups of deputy ministers and senior officials to obtain their reactions to a range of alternatives.

2. Several follow-up interviews and reviews of documents with some key officials in four departments:

- Community Services
- Employment Services & Economic Security
- Education
- Health

3. Review of the Phase I and II reports of the management review.

4. Progress discussions with the Treasury Board.

5. Frequent discussions with officials of the Department of Finance.

In addition, we brought to this assignment considerable research experience conducting assignments in other jurisdictions as well as in Manitoba.

Throughout our review, we benefited from the support, ideas and candour of officials and Treasury Board Ministers. Without exception, they conveyed a remarkable degree of readiness and willingness to support the kinds of improvements suggested in this report.

Appendix I is a list of individuals consulted during the study and Appendix II is a list of documents reviewed.

C. OUTLINE OF THIS REPORT

Five sections follow this introduction:

II. **The Status of Accountability** highlights the strengths of existing arrangement, problems within government, and problems between government and external service delivery agencies.

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III. **The Objectives of Accountability** establishe expectations about the benefits for Manitoba of greater accountability. These benefits will need to be understood, and communicated among decision-makers in government and external agencies before they can be expected to support fully Government initiatives to strengthen accountability.

IV. **The Illustration of an Effectiveness Reporting Framework** draws attention to an important new tool to help decision-makers in government and agencies make a significant leap forward in accountability, management and control mechanisms in the next five years.

V. **Guidelines for Applying the Effectiveness Reporting Framework** incorpoate practical suggestions on how to phase in the framework to obtain the greatest benefits and sustain implementation.

VI. **The Optimum Roles for Participants** suggests specific steps to be taken by each government and agency participant who is ready and willing to work toward more constructive and beneficial accountability arrangements.

At the end of each section is a summary schedule of the current status of accountability arrangements, longer-term objectives to guide developments in the future, and recommendations that can be acted on relatively quickly to start to move significantly forward in the right direction.

Accountability within government and the relationships with external service delivery organizations is a dynamic and complex subject. In the limited scope of this review, we

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can only offer advice and recommendations to advance current practices. As experience is acquired, there will be many emerging opportunities in the foreseeable future to develop, test, and advance further these concepts.

D. THE CONTEXT

The Minister of Finance pointed out in the Government's first budget presentation that "Manitoba is at a crossroads - a turning point in our history. We are facing decisions that seriously affect our future prosperity and way of life.... Manitoba's spiraling debt poses a direct threat to our social and economic progress. It must be brought under control in order to maintain quality social services and to build a better Manitoba."

Thousands of government financed services are responding to limitless opportunities to serve the needs of the public right across the province. Each individual, family, rural or urban community may have a different view of what they expect from government and what constitutes value for money. Many taxpayers expect expenditure reductions. Service providers always see opportunities to expand the scope and levels of service. Beneficiaries demand more services. Ministers and decision-makers worry if they are receiving all the information and explanations they should. In other cases, the anecdotal information and reports they receive from an unpredictable range of sources, creates a serious analytical and information overload. There is no easy way to reduce government expenditures and the demands for government services. There is no easy way of ensuring that the people of Manitoba receive the optimum value for money from public expenditures.

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Part of the solution is to clarify and strengthen accountability throughout the public sector.

Accountability has two components. It starts with delegation of authority and responsibility, with a set of expectations and rules to guide decisions and actions. It follows with a reporting obligation to supply comprehensive, understandable and fair information and explanations about how well the responsibility and authority have been discharged.

Delegation within Government extends first to managers and administrators. To some extent, delegation is shared with service providers, program beneficiaries and other participating communities. We cannot afford disfunctional barriers between the civil service and the public they are serving. Nor can we let the civil service be co-opted by particular communities. We do not want to waste time and competitive advantage pitting one community against another with adversarial, investigative or legalistic mechanisms. We do not want accountability to be a win or lose mentality where the winner is the party that best stage manages its arguments. We do not want to be forced into anecdotal, incremental or arbitrary decision-making. The immediate challenge is to deal with our problems in an analytical, sensitive, and deliberate way. The ultimate challenge is to enhance the quality of life as well as the responsiveness and competitiveness of our province. We are all in this province together, share a common destiny and are well positioned with natural and human resources. We all benefit from social and economic progress. All responsible Manitobans have to pay the bills. Accountability has to foster this sense of partnership, commitment to shared values and realistic expectations.

Put into that context, this review presents some important choices for the Manitoba Government, external service delivery agencies, and Manitobans. The choices will be forced by fiscal, social and economic pressures. This review offers a way to move forward, constructively, together to reconcile priorities and manage change. The alternative of falling back on more aggressive, adversarial approaches within government and between government and external agencies is not attractive.

II. REPORT OF THE STATUS OF ACCOUNTABILITY IN THE MANITOBA GOVERNMENT

This section highlights the strengths of existing accountability arrangements, issues within government, and problems between government and external service delivery agencies.

It is intended to be a reference for readers in assessing information in subsequent sections of this report. The following is not an exhaustive list, but a synthesis of many comments made to us.

A. REPORTED ACCOUNTABILITY STRENGTHS

The Manitoba Government has significant advantages. These either contribute to adequate accountability now or lay the basis for improvement in the future.

Manitoba's Civil Service has apparently not grown as quickly as its counterparts elsewhere. The organization is considered to be relatively lean compared to those of other provincial governments. The ratio of civil servants to the province's population may be one of the lowest in Canada.

Because Manitoba does not have a large population, its government is not as extensive as those of larger provinces.

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There is more awareness of events in the system and changes can be communicated and brought about more easily.

Senior officials believe that the province's civil servants are, generally, highly qualified and committed. They approach their work in a professional and dedicated way. Senior departmental officials are eager to work within their departments to achieve government-wide goals.

There is a consensus that there is appropriate control of individual transactions including financial commitments, expenditures, staffing changes and the execution of contracts. There appears to be general recognition that small transactions need to be managed as carefully as larger ones. The traditional financial accounting and reporting mechanisms now in place appear to be working satisfactorily.

B. ACCOUNTABILITY PROBLEMS WITHIN GOVERNMENT

We were informed of impediments to departmental accountability. Significantly, department heads and central agency officials often agreed about these. The main obstacles to greater accountability within Government appear to be following:

- Too much time of senior officials, as well as those at other levels, is being spent on relatively immaterial matters; there is too little distinction made between major and lesser items.

- There is a perception that there is insufficient opportunity to evaluate policy alternatives.

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- Major decisions about programs were said to be made often on the strength of anecdotal information instead of analysis.

- Ministers appear to have ambiguous roles; the boundary between policy direction and departmental management is unclear.

- Administrative reform is considered unduly difficult and slow.

- There is a reported lack of shared corporate values - each department has its own organizational culture.

- Elected and appointed officials are often seen to operate in two solitudes.

- Deputy ministers are reported to have too little time to provide overall management direction to their departments.

- There is perceived to be too little delegation; approval for very minor items often requires consent by a deputy minister, a minister or Treasury Board.

We found a strong tendency towards control and a corresponding preoccupation with often immaterial decisions. The proverbial forest cannot be seen for the trees.

C. ACCOUNTABILITY PROBLEMS IN THE RELATIONSHIP BETWEEN GOVERNMENT AND EXTERNAL ORGANIZATIONS

Much of the economic and social good produced by Government depends upon programs or services delivered by external

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organizations such as public schools, hospitals and social service agencies. The Government's own responsibility depends on how accountable these organizations are for the support they get from Government. We were informed of a number of circumstances that impair accountability:

- Recipients of government provided monies often are not accountable for spending in accordance with a budgetary plan; once funds are committed, the main obligation is avoidance of a deficit - therefore, funds can now be used for purposes other than those originally intended.

- Generally, relatively little information is provided by recipient organizations of their long term development plans.

- Too much emphasis is being put upon the provision of financial and other operating data and relatively less importance attached to information about the impact of the services provided.

- Existing accountability mechanisms reinforce responsibility for expenditures rather than revenues; too frequently, Government is seen as being wholly responsible for raising required revenues.

- Little or no onus is placed upon external organizations to assist Government in identifying opportunities to reduce expenditures.

- Normally, external organizations are not currently held to account for ensuring that their programs or services

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complement those of government departments or collateral non-governmental organizations.

- There appears to be no systematic review of existing accountability reporting to determine whether it may be simplified or improved.

The main effect of these deficiencies is that Government is denied effective control over the support it provides to or through external organizations. There are built-in imperatives and traditions that severely constrain Government's ability to reallocate scarce resources. Not the least of these is a lack of incentives for recipients of government monies to promote accountability and organizational effectiveness.

The current situation is a self-fulfilling prophesy. Lacking essential information on the existing or prospective programs, elected officials are handicapped in providing the public with a future vision of Manitoba society. Since there is little consensus about the role of government in years hence, elected officials are in a poor position to make the tough choices upon which future success depends.

III. THE OBJECTIVES OF ACCOUNTABILITY

Ministerial accountability is one of the foundations of our government. However, Cabinet Ministers are only one important part of a chain of accountability relationships encompassing all those who delegate and accept responsibility including their information providers, at all levels of an organization. To help develop consensus and commitment among all participants, we are suggesting six objectives of accountability:

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A. BUILDING ON EXPERIENCE

The Manitoba Government, like many others, has invested much in the development of financial reporting and controls. Most observers believe that expenditures, staffing, contracting, and other transactions are tightly controlled and authorized under existing procedures. There have been a number of government-wide and departmental initiatives to strengthen planning and management. The Strategic Planning Overview process and the development of the Management Practices Guide are examples of the latter. For the past year, Treasury Board has been put under severe expenditure review requirements intended to send a clear message throughout government that all expenditures, both large and small, should be prudent.

During the past twelve months, government has conducted a series of studies of individual departments, programs and functions. These were carried out by independent consulting firms and generated hundreds of recommendations for detailed improvements. The experience gained during these various initiatives is a foundation for organizational reform.

Many external organizations funded by government, also have invested in the development of financial reporting and controls. Some, such as the larger hospitals, have very active boards, capable administrators, extensive performance information, peer review systems, and many unique initiatives to strengthen accountability. At the other end of the spectrum, some agencies, such as the entirely volunteer-run organizations, have more difficulty clarifying their responsibilities and providing information and explanations that demonstrate their accountability.

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Objective

An accountability framework designed to serve as a helpful model for the Manitoba Government will have to be adapted to build progressively on arrangements in place without unduly stretching the capabilities of the Government and external service delivery organizations.

B. CLARIFYING MANAGEMENTS' RESPONSIBILITY AND AUTHORITY

The key managers are Ministers, Deputy Ministers, program managers, and executives or administrative heads of agencies. It will always be difficult to clarify what they are responsible for, their authority to proceed, and their obligations to provide information and explanations about performance, There is normally considerable scope for negotiation, risk, change, and individual interpretation. An accountability framework should serve and assist in clarifying the dynamic nature of these relationships.

To the extent that the responsibilities of a manager can be clarified, and the manager can be held accountable, the manager should have sufficient delegated authority over financial and human resources and communications to proceed. The objective is to delegate authority to managers as much as possible. This is in contrast to the ever-present temptation to divide authority, introduce more organizational checks and balances, and give authority to central agencies. Authority given to functional specialists in such areas as finance, personnel, information systems, facilities and property management, and communications should stress service to responsible and accountable managers more than control. Authority given to program officials dealing with external agencies should tend to focus on coordination of the

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quality, scope and levels of services, and an accountability rather than on operational and administrative matters.

Among many practical reasons for wanting to clarify and consolidate management's responsibility, is the continuing need to develop a large base of experienced public sector managers with the depth and breadth of expertise to make tough decisions and fill senior positions in the future.

Objective

Accountability initiatives should place emphasis on clarifying management's responsibility and authority rather than restricting their authority.

C. REINFORCING MANAGERS' OBLIGATION TO PROVIDE COMPREHENSIVE, UNDERSTANDABLE, INFORMATION AND EXPLANATIONS

Managers are, or should be, in the best position to provide credible, organized information and explanations to help others form judgments about the design and performance of programs.

To the extent that managers become program advocates or give weight to a management bias in their reporting, they may not be serving their elected and appointed superiors. Accountability consists of two components, delegation and an obligation to report. The obligation to report is too often neglected. For example, annual reports of departments are usually advocacy or general interest documents, rather than substantive, timely accountability documents. External agencies that are providing extensive performance data, such as educational institutions, provide few of the analytical or qualitative explanations that would help decision-makers

understand and form judgments about the effectiveness of the services being provided. Some categories of external agencies appear willing to provide provincial officials with only the most rudimentary information.

Elected officials need to be able to see the forest as well as the trees. For this, information is needed about the needs that programs are intended to serve and the extent to which they are meeting these needs. For example, policy-makers need to know the extent to which expansion of home health care services is creating an alternative to extended institutional care and meeting the needs of patients. In education, there is a need to assess the extent to which professional and technical training programs are meeting the province's labour force requirements.

To decide upon these and other basic issues, the public and politicians must depend upon advice and information given by senior officials. No one else is as well-positioned to do it.

If managers are not capable or willing to provide comprehensive, understandable, information and explanations, the choices for the Government are to:

- Make arbitrary funding decisions such as rationing of supply of services or instituting across the board restraints.

- Impose on managers an ever increasing number of task forces, public enquiries, special interventions, consulting studies, audits and program evaluations to bring to the surface objective and credible information.

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- Rely on anecdotal and possibly biased information provided directly by the public.

Objective

Accountability initiatives should reinforce managers' obligations to provide comprehensive, understandable information and explanations.

D. RECONCILIATION OF THE SOCIAL AND ECONOMIC AGENDA AND PERSPECTIVES FOR DECISION-MAKING

In total, approximately $10,000 of debt is held or guaranteed by the Manitoba Government for every provincial resident. Approximately 60% of this must be financed from general tax revenues. The Government has had a deficit for eight consecutive years. Much of this can be attributed to the costs of servicing the provincial debt. Despite 13 consecutive years of restraint budgeting, demands have continued to outstrip the province's revenue capabilities. Cutbacks in federal transfer programs have shifted more of the burden to the provinces and will likely continue to do so further.

Inevitably, Government must decide how limited resources will be used to meet growing and changing demand. Currently, excessive responsibility for the trade-off between benefits and costs is pushed up to the cabinet level. A particular concern is that social services and economic development communities are not integrating their decision-making. Line departments and external providers of services funded by Government focus on expenditure including needs for increased outlays. Too often, it is the Cabinet, Treasury Board and the Department of Finance that must

determine how much funding will be provided to particular programs or organizations.

One goal of strengthened accountability is to encourage and help all managers, and particularly boards of external organizations funded by government, to make more trade-offs between competing priorities. If these goals are not allowed to become separated, government will no longer have the difficult task of bringing them together. In child and family services, for example, expenditures on the prevention of child abuse need to be evaluated in terms of their probable impact on needs for protection of abused children. The professionals who work in child and family services have the most immediate knowledge about how this can be achieved for a given level of global funding. Therefore, one of the objectives of promoting greater accountability by child and family service agencies is to encourage such analysis and decisions by the agencies themselves rather than by government.

Objective

Accountability initiatives should encourage managers and boards of external agencies to make more trade-offs between competing objectives.

E. RECONSIDERATION OF PAST STRATEGIC CHOICES BY PROGRAM DESIGN AND RELATIONSHIPS AMONG PROGRAMS

Authorities in the field of public finance have shown that most government decisions are incremental. The need for existing programs and levels of funding are rarely challenged. The principal decision revolves around relatively small changes from one year to the next reflecting inflation

or indicators of increased program activity. Managers, analysts, auditors and program evaluators tend to place their work in the context of the established mandate or design of a program. This incremental approach makes it hard for Government to make major decisions to alter the mix of programs.

Health and education account for more than one-half of the Government's budget. The programs offered by Government or funded by it are rigidly defined. There is little flexibility in reallocating funds from one program to another.

Faced with severe budgetary constraints, the Government has been forced to ration certain services or programs. For instance, the number of available hospital beds in acute care institutions is controlled by the Manitoba Health Services Commission. Likewise, in daycare, the Government is compelled to limit its financial responsibility by budgeting for a given number of daycare places.

One goal of strengthened accountability is that past strategic choices will be revisited and rejustified in the information and explanations provided by managers. Some basic choices to be rejustified are suggested by such questions as:

- What services are we providing? What are the alternatives? Can we explain the level, scope, timing, quality and capacity of our services in terms of value to the public?

- Why are we providing the service as compared to other public and private sector providers or more compre-

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hensive approaches to address the source of the problem?

- How good are our organizational arrangements and methods of delivery?

Objective

Reporting obligations should encourage managers and analysts to revisit and justify past strategic choices about program design, methods, organization and relationships among programs.

F. INTRODUCING MORE COMPREHENSIVENESS AND PREDICTABILITY OF INFORMATION AND ANALYSIS

Government supports such diverse activities as road construction, welfare, higher education and conservation of natural resources. The information that is provided elected officials and the public about these demands is equally varied. While differences and data content are inevitable, there is less reason why the format needs to be different for each program or organization. Giving each organization and functional discipline freedom to present information in a unique format places a staggering burden on decision-making and users of the information. It is like carrying on a conversation without an agreed vocabulary.

Accountability can be strengthened by means of uniform reporting approaches. The use of a consistent framework for accountability discussions has the potential to promote greater confidence by the public and elected officials.

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Therefore, one objective is development of a framework for accountability reporting and guidance governing the terminology, level of detail, or materiality, of the information provided.

The Provincial Auditor has described the need for departmental reports to be less self-serving and more authentically informative. A framework for accountability reporting would help bring this about.

Objective

An accountability framework will place emphasis on more comprehensive and predictable information and analysis.

G. INTEGRATING LONG TERM PLANNING WITH DAILY DECISIONS

A major problem for Government is reflected in the emphasis that has to be placed on annual appropriations. Some organizations and program managers may over-spend their appropriations to respond to higher than expected demands for service.

Others may expand services or may alter plans to use up their appropriations.

Objective

Accountability initiatives should help integrate long term planning with daily decisions and make visible any distortions attributable to the annual appropriation cycle so that appropriate corrective action can be taken.

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IV. ILLUSTRATION OF AN EFFECTIVENESS-REPORTING FRAMEWORK

In this section we focus attention on an important new tool to help decision-makers in government and external organizations make a significant leap forward in accountability, management and control mechanisms in the next five years.

We refer to a few of the lessons learned in other jurisdictions and point out the importance of trying to work with a common framework for extracting the type of information and explanations that will strengthen accountability and management. We illustrate the analytical framework and the types of strategic choices that it would help bring to the attention of managers and politicians.

A. LESSONS FROM OTHER JURISDICTIONS

All governments have been struggling with the problems of accountability frameworks for many years. The following illustrates some Canadian experiences.

In the early 1970's, Planning and Priorities Committee of the Manitoba Cabinet considered, but did not proceed with, a proposal to adopt a Program, Planning, Budgeting (PPB) approach. The intent of PPB was to allocate resources and account for expenditures and performance on the basis of broad public policy objectives and sub-objectives. In other jurisdictions this generated a great deal of paper and analysis. Unfortunately, when logical organizational and operational structures did not neatly fit the objectives, the system was open to extensive interpretation, the information generated meant little, and the accountability was weakened by information systems designed by planners that meant little to operating managers.

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Initiatives to emphasize Management by Objectives (MBO), similarly became excessively bureaucratic in terms of the breadth and depth of effort that can go into agreeing on objectives. MBO, in its translation from a technique for management in the private sector to one in government, lost much of its intended prescriptive punch. Too much emphasis was put on protracted internal consultation and not enough on decisions about results to be achieved.

Zero-based budgeting in some jurisdictions forced managers to define their services and levels of service, make trade-offs and show politicians where cuts in services would be least painful. Many organizations did achieve cost savings, but considerable time, effort and vigour had to be devoted to a process that was entirely management or consultant driven and offered few opportunities for the public or politicians to influence the process.

Most of the provinces and the federal government have experimented with one or more kinds of political, civil service, and consulting task force reviews of departments and agencies. Such reviews create a possible agendum of reform that is broad, fragmented and extremely difficult to manage and sustain.

Most provinces have been close observers of administrative initiatives of the federal government, and to some extent been influenced by federal initiatives.

In the federal government emphasis in the past fifteen years has been directed toward:

- Elaborate financial management, operational performance measurement, cost-benefit, and make-or-buy methodo-

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logies that have been too technical to command the sustained attention of managers.

- Expanding the mandate of the Auditor General and auditors of Crown Corporations to enable them to give additional consideration to economy, efficiency and effectiveness issues.

- Emphasizing a long term fiscal plan, for the Government as a whole and operational planning frameworks for each department.

- Reforming the expenditure estimates review process to cause each ministry to produce a separate estimates volume.

- Establishing the role of internal audit and program evaluation functions in each department under the guidance of the Comptroller General of Canada.

- Parliamentary reform and the strengthening of legislative committees.

- An approach known as Increased Ministerial Accountability and Authority (IMAA). IMAA is designed to let a minister and deputy minister avoid many central agency requirements and interventions by developing a comprehensive but confidential memorandum of understanding of responsibilities, authorities and reporting obligations.

While all these initiatives have generated considerable paper and discussion, none seem to have made a significant contribution to the type of accountability objectives

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discussed in the previous section. In addition, these initiatives have not been extended from government to external organizations funded by it.

A missing link in most of these types of initiatives has been a substantive reporting framework that ensures that the right information and explanations are brought forward. There has been a preoccupation with form rather than content. To the extent that content has been emphasized, it is usually at the discretion of managers and has not been sufficiently sensitive to the needs of politicians and the public to command their respect or attention.

Manitoba has been gradually increased use of program statistics during the estimates review cycle. While zero-based budgeting has not been attempted, departments have been instructed for a number of years to develop budgets that incorporate assumptions that funds will be moderately or severely cut-back. The Manitoba Government has acquired some significant experience using modern budgeting tools.

B. ORIGINS, RATIONALE AND MODEL FOR A REPORTING FRAMEWORK

A research organization, the Canadian Comprehensive Auditing Foundation, recognized the problem caused by the lack of a framework for discussing, understanding, measuring and reporting effectiveness in the public sector.[1]

An independent panel of very senior executives and officials from the private and public sector agreed to direct the research. Research included an extensive literature review

[1] Manitoba is the only province that does not participate in the funding of the Foundation through its provincial auditor.

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on organizational effectiveness, accountability, management control and related subjects. Extensive discussions were held with politicians, deputy ministers, chief administrative officers, presidents of Crown corporations, public sector auditors and the program evaluation community. The results of that two year study are essentially the following:

- Each government, department, agency, manager, analytical community, and author now approaches accountability in its own way. The result is many different frameworks each advocating unique terminology, reporting mechanisms, processes and organizational arrangements.

- If we do not make progress toward a common reporting framework, we are not going to make much progress in strengthening accountability following rational, constructive, non-adversarial approaches.

- There is no perfect reporting framework and little point in looking for one. What is needed is a generally accepted framework that serves most of the needs of the accountability relationships between managers and their governing authorities, and between higher levels of government and the external organizations they help fund.

- Information and explanations in terms of a list of twelve attributes of effectiveness seems to reconcile the capabilities of managers with the needs of governing bodies. Most managers should be able to offer objective, credible information and judgments about effectiveness for each attribute. Synthesis of judgements into a shorter list of attributes requires

EXHIBIT 1

QUESTIONS THAT ILLUSTRATE THE SCOPE OF THE ATTRIBUTES

ATTRIBUTE	QUESTION
1. Management Direction	Does everyone understand what they are meant to be doing?
2. Relevance	How valuable are activities to customers and the public?
3. Appropriateness	Are the levels of effort and selected methods of pursuing objectives, comparable and sensible?
4. Achievement of Intended Results	How difficult are goals and to what extent are they being achieved?
5. Acceptance	What do beneficiaries and the public think of the organization and its services?
6. Secondary Impacts	What are the unintended effects, positive or negative, of activities?
7. Costs and Productivity	Is there continually getting more output produced for less cost, and are costs and cost ratios comparable to others?
8. Responsiveness	How well is the organization anticipating and responding to change?
9. Financial Results	Does the organization match revenues and costs, assets and liabilities, and obtain good financial results.
10. Working Environment	Is there a healthy, happy, constructive working environment where employees are motivated to work together, adapt to change and develop?
11. Protection of Assets	What is the level of protection against losses of resources and surprise events?
12. Reporting and Monitoring	Do managers have the information they need to make decisions and to know how well they are doing at all times?

conclusions that may be highly subjective and better left to others, or collective discussions with others. Governing bodies who receive objective information and judgments about each attribute from the manager, should be able to discharge their responsibilities for forming judgments about accountability and effectiveness.

The panel recognized the challenge offered by the framework, and offered guidance to all the communities who may participate in its implementation. Their guidance is reflected in this report.

In their most condensed form, the attributes can be translated into a set of very straightforward questions of likely interest to politicians and decision-makers, found in Exhibit 1 on the facing page. The questions may require considered responses, but most managers should be able to provide with some confidence appropriate information, explanations, and judgments to respond to each question.

C. OVERVIEW OF THE REPORTING FRAMEWORK

The 12 attributes of effectiveness proposed by the Foundation's panel are comprehensive and related information and explanations. Taken as a set, they encompass the most significant policy, program management or control issue. Exhibit 2 on the following facing page is a diagram of the model and the 12 attributes.

Some preliminary discussion of the attributes is warranted. The first three attributes entail assessment of levels of service, policies, plans, organizational arrangements and program design choices. **Management Direction** is the attribute that denotes the sense of internal purpose,

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EXHIBIT 2

Twelve Attributes of Effectiveness

CLEAR

The Coopers & Lybrand Consulting Group

cohesion and clarity of an organization. **Relevance** is the extent to which the rationale for organization, its programs and specific levels of service is justified by public needs. A need becomes relevant when an organization's stakeholders decide upon a value-added response. Thus, when the Legislature confers a statutory mandate to an agency to provide a social program, the relevance is established. **Appropriateness** is a test of whether a specific program instrument is best suited to meeting a particular need. For Government, this entails a decision about which of the following types of programs will be used: regulation, material incentives, moral persuasion, contracts with others to provide services, or the direct provision by Government of services or goods.

A second set of three attributes is comprised of tests of results or outcomes. **Achievement Of Intended Results** is a test of goal attainment. In terms of stated objectives, is an organization meeting expectations? The attribute of **Acceptance** refers to whether an organization's programs or activities are valued by clients, suppliers, funders and the general public who willingly comply with any explicit or implicit terms and conditions that facilitate delivery of the service. **Secondary Impacts** is an appraisal of unintended health, safety, environmental or community development effects. For example, social services that can be more easily provided in urban centres may encourage unintended migration from rural communities and a weakening of the family unit. Economic development initiatives may cause environmental damage.

Three attributes tend to focus on operational management in an organization. The attribute of **Costs And Productivity** is a measure of efficiency. For a fixed level of

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resources, are the greatest number of units of service being produced? **Responsiveness** is an indication of how well change is managed. To answer this question, one must examine accessibility, timeliness and quality of service. The attribute of **Financial Results** focuses attention on the appropriate matching of costs and revenues and the ability to stay within funding limits or generate profit. Efficiency offers no guarantee of acceptable financial results.

The final three attributes pertain to the soundness of an organization and the likelihood that results are likely to remain good or improve in the future. A sound **Working Environment** is one in which employees may contribute the most. Healthy interpersonal work relationships are sustained. Appropriate use is made both of recruitment from outside and internal development of existing staff. The physical setting of work encourages high levels of individual performance. The attribute of **Protection Of Assets** is a test of how fixed assets, people, information and agreements are maintained or enhanced. Is there appropriate security? Do plans exist if major assets are lost such as a computer system due to a fire or other catastrophe. The final attribute, **Measuring And Reporting**, encompasses management information, control systems and external reporting. Are appropriate systems in place and do they meet the needs of users.

The framework can be used comprehensively or selectively. For example, the performance of a department could be assessed by examining all 12 attributes. Alternatively, an evaluation could be conducted of performance in terms of one attribute throughout the entire Government. An example

would be the responsiveness of public information programs delivered by all government departments.

D. BACKGROUND INFORMATION ON DEPARTMENTS USED TO ILLUSTRATE THE REPORTING FRAMEWORK

We made some preliminary assessments of the potential of the reporting framework. The following notes provide some background information on the four departments studied, namely:

- Health
- Education
- Community Services
- Employment Services & Economic Security

The **Department of Health**'s annual expenditures of approximately $1.4 billion accounts for one-third of the province's total expenditure budget. The Manitoba Health Services Commission, which reports through the Minister of Health, is responsible for insured health services, primarily physicians' services and hospital care. The Department itself provides directly both care and prevention programs. Home care and services for the mentally ill are the main types of care provided directly. Health prevention programs are provided by the Community Health Division of the Department as well as the Alcoholism Foundation of Manitoba and other assisted external organizations.

The **Department of Education** provides grants for the province's public schools as well as such services as the development of curriculum or instructional standards. Approximately $525 million of the Department's annual budget

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is allocated for grants and services for educating 200,000 public school pupils.

The University Grants Commission, which reports to the Minister of Education, provides capital and operating grants of approximately $184 million to the province's four universities. Approximately 32,000 Manitobans are enrolled in these institutions of which 19,000 are full-time undergraduate and postgraduate students. The Department also supports vocational and other adult continuing education. The main program is community college education which is offered by three institutions operated by the Department in Winnipeg, Brandon and The Pas. Annual expenditures on the community colleges are approximately $50 million. The Department also finances a variety of employment training programs and supports adult continuing education through bursaries and other programs. Approximately $28 million is spent on these activities.

The **Department of Community Services** provides or funds the delivery of social services through three divisions, to children, abused women, and mentally and physically handicapped persons. Child and family service agencies, by statute, are empowered to provide protection and prevention programs. They operate with budgets provided by the Department. Other organizations, such as group homes, provide services by agreement with the Department. A third category of agencies does not receive grants from the Department but provides collateral services. The Child Guidance Clinic and the social service departments of hospitals are examples.

Of the Department of Community Services budget of approximately $148 million, $93.3 million, or roughly two-thirds, is used to support services provided by external agencies

and institutions. The following programs are allocated the amounts shown:

- Child and Family Services $66.1 million
- Child Daycare $34.1 million
- Adult Daycare and vocational rehabilitation $19.1 million

Approximately $40 million is provided child and family service agencies.

The **Department of Employment Services and Economic Security** delivers almost all the services it funds. Of a total budget of approximately $267 million, almost $240 million is spent on income maintenance and income supplements. Another $29 million is used to finance programs to make clients more employable.

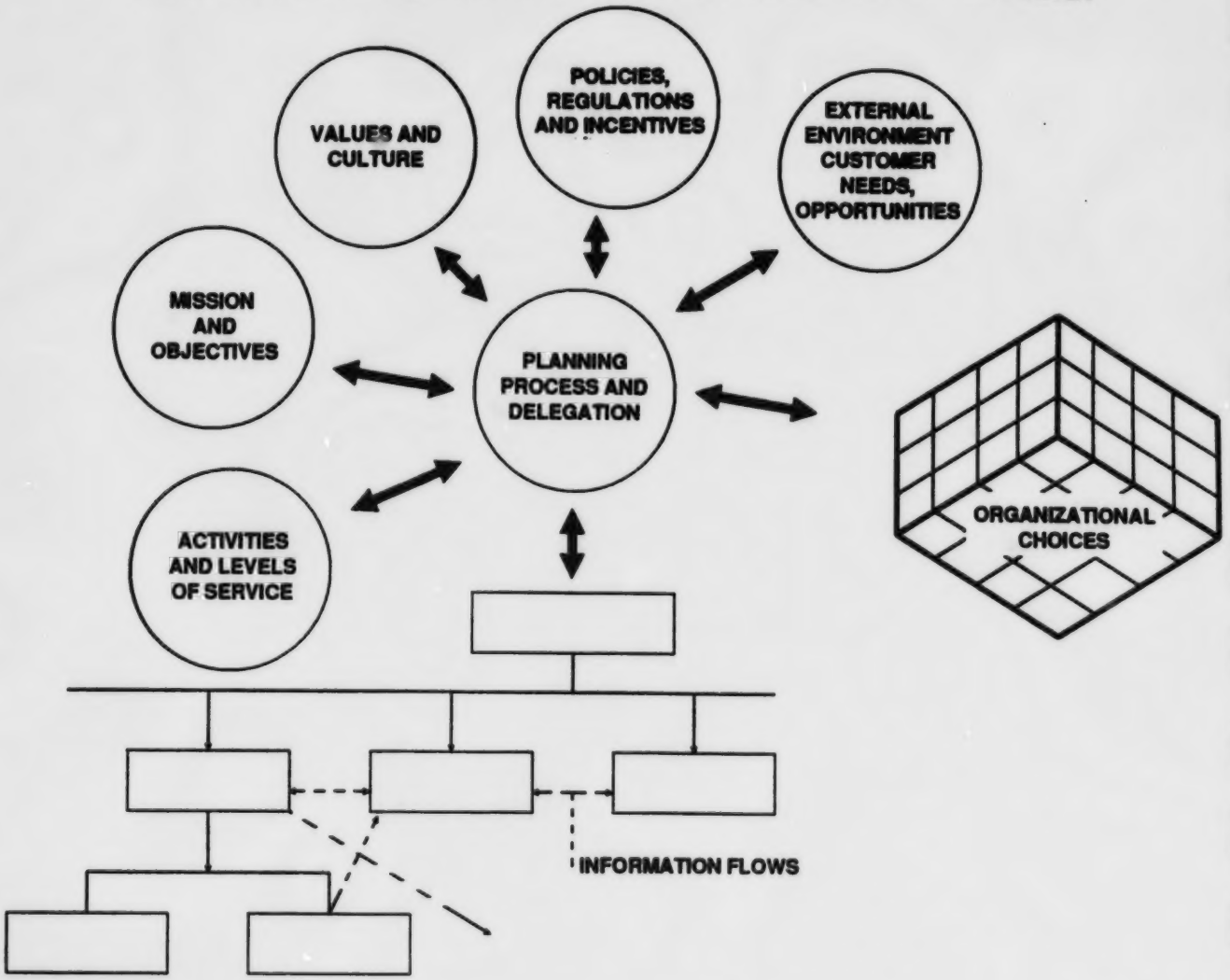
The preceding departments account for almost $2.7 billion worth of expenditure annually. Excluding debt servicing costs, this is two-thirds of the province's expenditures. While most of the services are provided by outside organizations that receive government grants, many important programs are delivered directly by the departments.

E. ILLUSTRATIVE APPLICATIONS OF THE TWELVE ATTRIBUTES OF EFFECTIVENESS

For each of the attributes of the framework we presented previously, we illustrate one or more effectiveness issues in the Manitoba Government. We stress that these illustrations only begin to illustrate the important types of analytical and accountability questions that the framework is likely to bring to the attention of managers and politi-

MANAGEMENT DIRECTION

DOES EVERYONE UNDERSTAND WHAT THEY ARE MEANT TO BE DOING?



INDICATORS

	(+) FEWER — MORE (−)
Numbers of management and supervisory positions	
Levels of management and supervision	
Levels of approval	
Employees not subject to clear goals and objectives	
Employees without shared values in working groups	
Employees without shared values among working groups	
Employees with competing emphasis in the plan of organisation	
Planning and coordination efforts	
Conflicts unresolved	
Ad hoc decisions	

cians. The reader should not interpret our suggestions to be specific recommendations for reporting by ministers or to the public. At a minimum, the questions are ones that program managers should be able to answer. The twelve exhibits facing this and subsequent pages are graphic descriptions of the type of information and explanations that will help managers, politicians and analysts examine each attribute.

1. Management Direction

The first responsibility of managers is to ensure that everyone understands what they are meant to be doing, even if this means that the manager has to fill a vacuum in the direction given by a the governing body. Managers do not want different parts of the public sector conflicting with each other, working at cross purposes, or omitting to provide essential services. The organizational cohesion, or management direction, is evaluated by explaining an organization's activities, levels of service, plans, structure, decision-making processes and delegation of authority. Not only should these be present but they should be understood by employees.

We found examples of management direction issues in the departments of Education, and Community Services. Departments are faced by powerful and often contrary external demands. This makes it difficult for officials to ensure that departmental activities are based on consistent and complementary values and policies.

The relative independence of public school, vocational and university education illustrates how important

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management direction can be in the system as a whole and to relationships among agencies. Universities, partly in response to concerns about the literacy of high school graduates, have argued for and introduced special language instruction to bring skills up to a minimum satisfactory level. Complementarity of programs also extends to the horizontal positioning of institutions and their programs. Both universities and community colleges offer training in health care. The training offered in X-ray and laboratory technology by community colleges should prepare technicians to work effectively with specialists in nuclear medicine trained by the university. In principle, the professional and technical segmentation of health and other fields should provide for the most efficient use of human resources.

Many committees have been set up to advise on how the various educational programs of individual institutions can be improved and made more complementary. If these efforts are effective, the results should be a more cohesive management direction. Due to the importance of these cooperative arrangements, we believe institutions should be more explicitly accountable for how their programs support those provided by other organizations.

Similarly, in the Department of Community Services, we found it is unclear how responsibility is shared for child and family services by the Department and by external agencies. Since the agencies have statutory responsibility for meeting needs, the Department has difficulty enforcing budgetary constraints.

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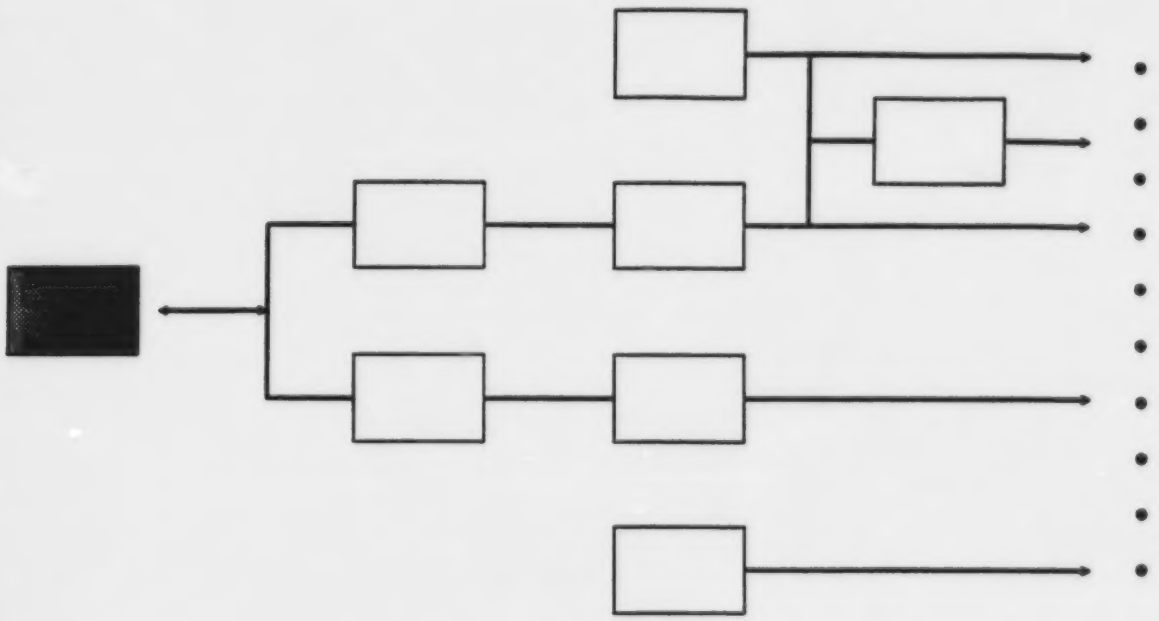
RELEVANCE

HOW VALUABLE ARE ACTIVITIES TO CUSTOMERS AND THE PUBLIC?

ACTIVITTY | OUTPUTS | OUTCOMES / EFFECTS | NEEDS / VALUE



INDICATORS

Gross margins

Demands for service

Financial payback / Time

Social payback / Time

2. Relevance

The attribute of relevance refers to the extent to which programs can be connected to the needs of clients, taxpayers or the general public. Indicators of value may be financial or social payback ratios. Indicators of need may be legislated requirements, policy directives, or evidence of demonstrable demand including the willingness of taxpayers or clients to contribute to the costs of a program.

The professional education provided by universities is very expensive. For example, in medicine, the costs of supporting one student typically exceeds $30,000 a year. Although universities offer professional education for many reasons, the main objective of Government is assurance of an adequate supply of trained persons. Consequently, the issue of the size of enrollments in professional education programs is a major topic of discussion between representatives of the province's universities and the University Grants Commission. There is concern that current enrollment levels in such faculties as medicine and law may be contributing to an over-supply of graduates in these professions. As Manitoba graduates move to other jurisdictions in pursuit of appropriate career opportunities, Manitoba loses the potential benefit of its investment. Government would be better able to evaluate its support if institutions were held more explicitly accountable for the relevance of their professional programs.

The Department of Employment Services and Economic Security has programs that are designed to help Manitobans enter the workforce. Unlike vocational or

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professional education, which is intended mainly to meet technical or professional labour force needs, the employment services provided by the Department serve needs of individual Manitobans for basic work skills. The province's labour force supply requirements offer only some guidance for these programs. Therefore, there is a need to clarify the rationale for such services in terms of a social commitment to reduce needs for income support.

The Department of Health and the Manitoba Health Services Commission are responsible for advising Government on long-term needs for care and prevention. The previously cited report, Manitoba And Medicare - 1971 to The Present, is a source of much factual data on the utilization of health services by Manitobans. Comparative data are presented for Manitoba cities and regions and also for Manitoba in relation to Canada. The authors make an important contribution to the body of available knowledge. However, the main deficiency of the study is the absence of a reference for assessing whether or not needs are being met. Only if requirements for care are assumed to be the same in different regions or across Canada, can any conclusions be drawn.

We believe there is an opportunity to assess the feasibility of more epidemiological research to establish a baseline for evaluating health needs in Manitoba. For the greatest benefit, such research could be updated every five to ten years. This would have two main benefits:

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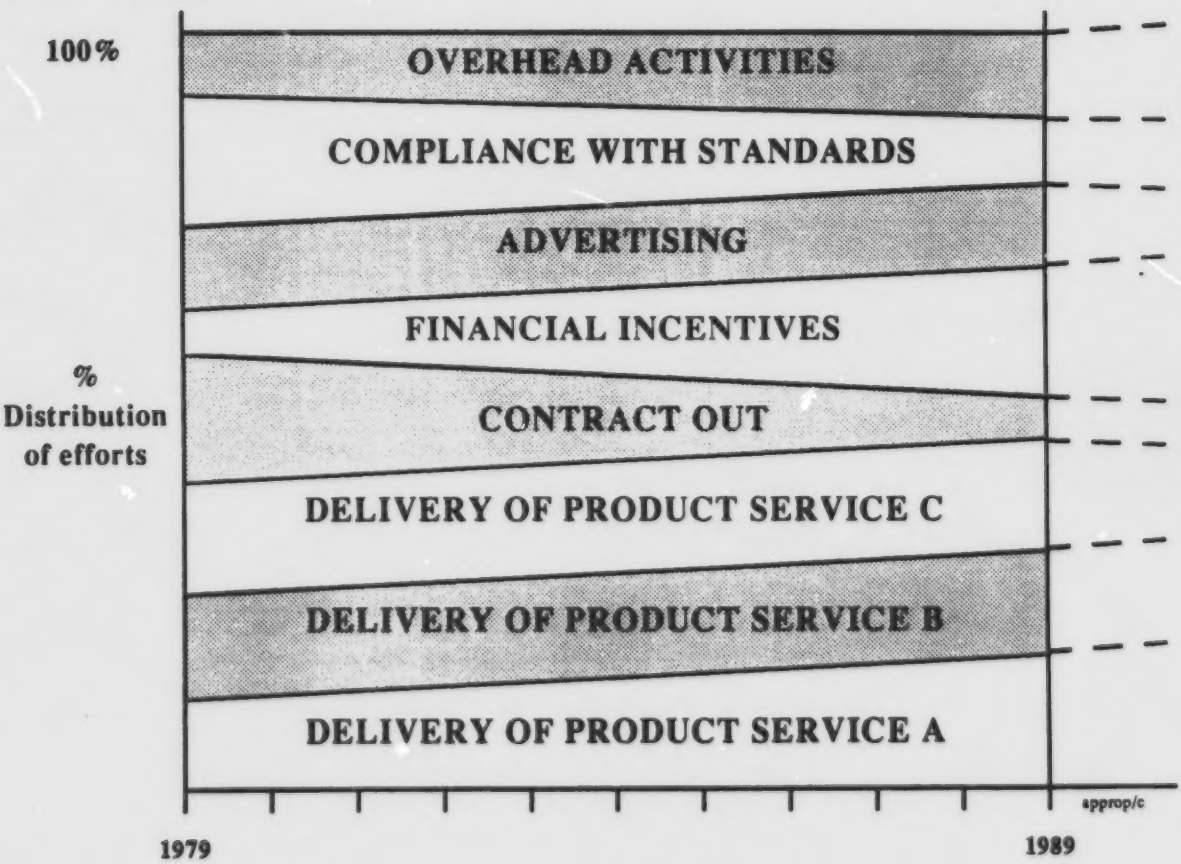
APPROPRIATENESS

ARE THE LEVELS OF EFFORT AND SELECTED METHODS OF PURSUING OBJECTIVES, COMPARABLE AND SENSIBLE?

- **PROVIDE GOODS AND SERVICES**
- **CONTRACT OUT TO OTHER PROVIDERS**
- **OFFER FINANCIAL, PRICING OR TAX INCENTIVES**
- **CHANGE CUSTOMER / PUBLIC ATTITUDES**
- **GAIN CONTROL AND ESTABLISH RULES FOR OTHERS**

INDICATORS



- Provision of a framework for assessing, at any point in time, how well needs are being met.

- Creation of statistical benchmarks in time that would allow judgments to be made about changes in the performance of the system, such as increased capacity to meet the growing health needs of the elderly.

In brief, we believe one of the main obstacles to assessment of the effectiveness of the Manitoba health care system is the absence of an empirical and time-sensitive framework for matching needs to program. The Health Advisory Network, set up by the Government in November 1988, has been directed to advise Government on the future health needs of Manitobans. The Network may be able to assist Government by assessing needs for ongoing epidemiological studies.

3. Appropriateness

The attribute of appropriateness is a measure of whether or not a given program instrument is best suited to meeting a given need and moreover, whether the level of commitment is justifiable. To determine this, the advantages and drawbacks of alternatives need to be explained.

Within the Department of Employment Services and Economic Security, we were informed that there is a need for a clearer understanding of the relationship of income support programs to initiatives to promote employability of recipients.

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In health, a major issue is whether or not Manitobans have appropriate access to specific types of care services. Another part of this question is whether the levels of service are too low or too high. To help address this question, the Minister of Health has asked the Health Advisory Network to develop a proposal for classifying health services along a continuum from prevention to acute care.

In March 1985, the Department published Manitoba And Medicare - 1971 to The Present. The authors wrote that demand may be much more elastic than is commonly thought. For example, from the experience of health maintenance organizations in the United States, they infer that it may be possible to reduce per capita utilization of hospitals, expressed in patient-days, by up to 40%. This suggests that too high a proportion of health funding is being allocated to acute institutional care.

The following are only some of the questions that can be asked concerning the methods of delivering health services:

- Would greater emphasis of prevention reduce global costs by reducing needs for care services?

- Since costly diagnostic services can be requested free of cost to patients and physicians, are they being ordered without appropriate regard to financial implications?

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- Are shortages of bed capacity in personal care homes and extended care hospitals increasing demand for beds in acute care institutions?

- Are growing numbers of medical specialists and general practitioners contributing to increased utilization of physicians' services?

- To what extent is convenient access by patients in or near major urban centres to expensive services contributing to greater demand by residents in those parts of the province?

- Are services being provided by physicians that could be provided by nurses or community health workers?

The Manitoba Health Services Commission maintains central records of the utilization of physicians services and hospital care by each Manitoban. Although this is seen to be one of the most effective information systems of its type in Canada, the database does not include information on many other types of health services including many provided to the mentally ill, those who require home nursing, residents of personal care homes and others. Thus, it is currently difficult to examine utilization by level of care - from the least to the most intensive.

In the Department of Community Services, the availability of staff is an important issue. While staff years available do not increase, new initiatives may still be put into place and service objectives increased. For example, in child day care, grants may

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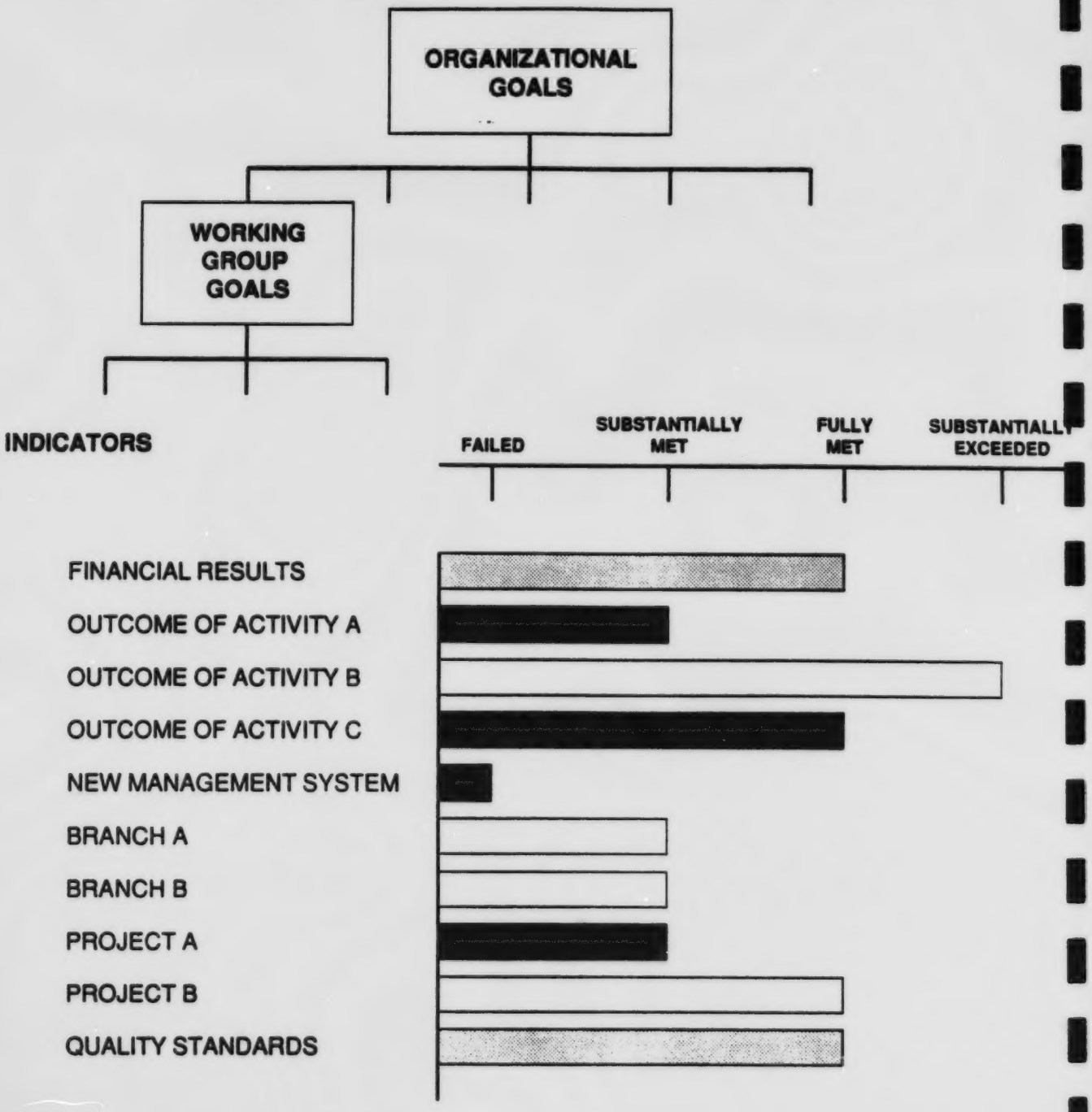
ACHIEVEMENT OF INTENDED RESULTS

HOW DIFFICULT ARE GOALS AND TO WHAT EXTENT ARE THEY BEING ACHIEVED?



SCALE OF DIFFICULTY AND STRETCH OF OUR CAPABILITIES

MOST DIFFICULT: New to the organization, many variables and barriers, of stategic importance, stretches capabilities

DIFFICULT: An improvement on past performance requires expertise, fine tuning determination, patience, teamwork and a competitive edge

EXPECTED: Fully within our control, experience and proven capabilities

be provided to assist 500 extra day care spaces and subsidies may be made to 500 additional families, at the same time as new initiatives such as workplace day care may be introduced. These activities may all become the responsibility of existing staff at the expense of current activities and accountability.

4. Achievement of Intended Results

To the extent that goals and objectives have been set, it is important to assess whether they have been achieved. Consideration must be given specifically to the ease or difficulty of meeting objectives. We will offer two examples of opportunities to strengthen analysis of how well intended results are being achieved.

The supply of health services of all types has risen faster in Winnipeg and Brandon than elsewhere in the province. While residents at these centres have not been the exclusive beneficiaries, they have been the greatest. Many smaller Manitoba communities are hampered by a shortage of physicians and other health professionals.

A central principle of the health insurance system is the right of the patient to choose his or her physician. Some patients are more likely than others to seek practitioners who are best known for specialized work and have the most access to the most modern diagnostic services and treatment facilities. Although it is currently unproven, it is reasonable to assume that these patients are more likely than others to receive higher quality services.

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The issue of the quality of care received is distinct from that of the quality of care supplied. The latter test applies only to the services produced and is determined by professional standards, licensing requirements and accreditation. However, the presence of these professional and other obligations does not guarantee the patients will always get care of this quality. For example, if a medical service is unavailable, the patient will not receive that quality of care even though, when it is provided, the quality meets specified standards. Therefore, the issue for Government is quality of care from the perspective of the patient or prospective patient.

One of the intended results of all educational programs is high quality. In the university setting, quality standards are often driven by licensing or other accreditation requirements of outside professional bodies. The postgraduate entrance requirements of universities in other provinces or other countries also have an important, albeit indirect, influence. In a different but no less effective way, employer groups and apprenticeship bodies help determine the quality of the education offered by community colleges.

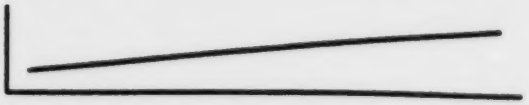
Public schools cannot rely to the same extent on external review of the quality of the education they provide. Despite standards for curricula and instruction set by the Department of Education, public schools depend mainly upon self-evaluation. Although outside advisors contribute to the course evaluations sponsored by the Department, most of the responsibility for assessment falls upon teachers who sit on the committees that oversee each project. We were informed that

ACCEPTANCE

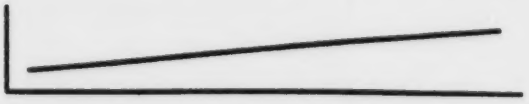
WHAT DO BENEFICIARIES AND THE PUBLIC THINK OF THE ORGANIZATION AND ITS SERVICES?

INDICATORS

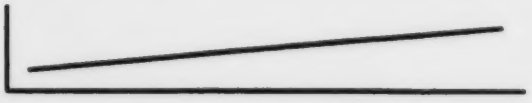
Market share



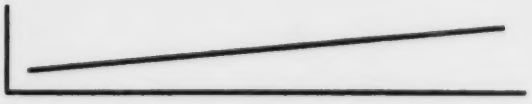
Repeat business



Referred business



Accepted goods, services and advice



Revenue collection

Compliance with physical terms and conditions that facilitate service

Customer and public courtesy and support

Intangibles

there is concern that the current assessment approach may not be sufficient.

For the past two decades, the prevailing educational philosophy in North American public schools has been liberal. The main question has been whether an individual student has achieved his or her potential. Relatively less attention has been put on whether overall levels of achievement are satisfactory. Over the years, the Manitoba Department of Education, and its counterparts elsewhere in North America, have become less prescriptive about education quality. There is concern that this has contributed to falling educational standards particularly in terms of literacy.

While it may not be possible to require that public schools account for the levels of achievement of their students, we believe it is realistic for Government to ask public schools to explain how they themselves are evaluating results in terms of overall levels of educational accomplishment.

5. **Acceptance**

The attribute of acceptance is a measure of support for government programs by clients, taxpayers, suppliers and the general public. Indeed, it is one of the principal reasons for promoting greater accountability. To the extent that Manitobans gain a better understanding of Government's challenges and the rationale for many of its programs, public confidence will grow. Ideally, the main societal problems of the province will be seen increasingly not only as government responsibilities but as societal obligations.

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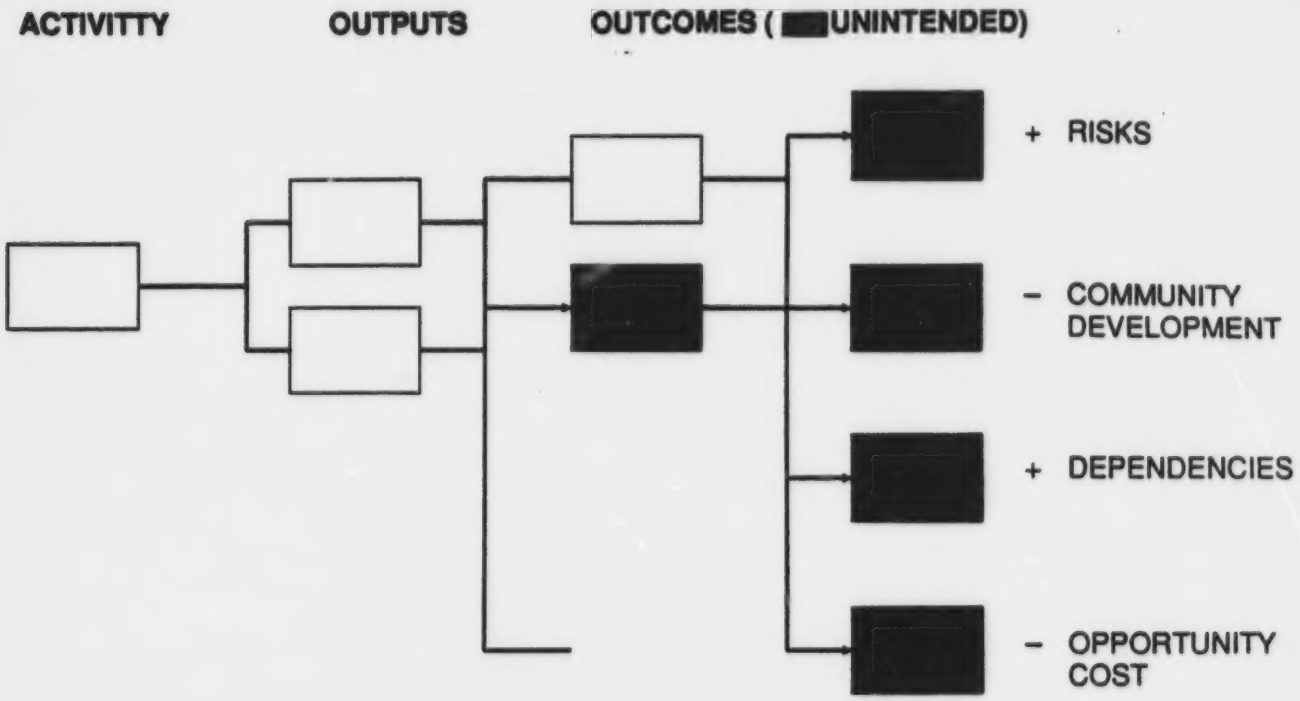
SECONDARY IMPACTS

WHAT ARE THE UNINTENDED EFFECTS, POSITIVE OR NEGATIVE, OF ACTIVITIES?



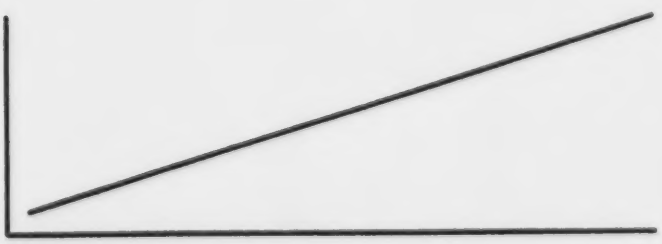
INDICATORS

RISKS

- Health
- Safety
- Environmental

COMMUNITY DEVELOPMENT

- Economic
- Attitudinal / behavioural
- Social
- Physical
- Jobs
- Taxes



Acceptance is an important issue for the Department of Community Services. Although funding for child and family services and other programs has increased faster than the cost of living, the level of support is still considered inadequate by external agencies and their clients. There is a prevailing perception that Government is solely responsible for providing any additional monies required to meet new or growing demands.

Throughout Government, client or customer service questions need to be examined. Can clients get in touch with the officials they need to speak to? Is service timely, courteous and conclusive? Are complaints handled well? These are all indicators of acceptance. There is potential to expand the use of information about these to identify opportunities for improvement.

6. Secondary Impacts

Government programs have consequences for Manitobans who are not clients. These can be positive or negative. Their effect may eclipse the benefits for clients.

Higher education provides a useful example of the importance of secondary impacts. In addition to providing educational opportunity for Manitobans, the Government expects many indirect benefits, including:

- Increased competitiveness of Manitoba businesses and not-for-profit organizations such as research institutes.

- Enhanced reputation of the province.

- A professionally and vocationally enriched labour force that will attract both candidates and investors.

- Improved opportunities for personal development and leisure.

Although all educational institutions can contribute to one or more of these, universities are seen to have the greatest responsibility. For example, the public is very aware of the relationship between Faculty of Medicine of the University of Manitoba and many successful medical research organizations.

Because the autonomy of universities impedes the ability of Government to assess the results of individual programs, it is all the more important that universities be able to account for the secondary impact of their work. There is potential for more information to be provided by the universities on their initiatives and ongoing commitments to promote excellence in various professions and industries.

Secondary impacts are important in other fields. For example, is the health system helping to prevent the loss of work days due to sickness? Is industrial development causing unnecessary environmental damage? Is the tax system, in addition to generating revenues for Government, c ·ributing to desirable patterns of investment and spending. In principle, there is no reason why providers of services should not be account-

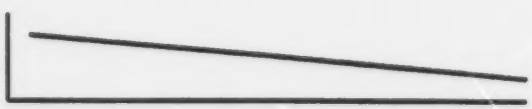
COSTS AND PRODUCTIVITY

ARE YOU CONTINUALLY GETTING MORE OUTPUT FOR LESS COST AND ARE COSTS AND COST RATIOS COMPARABLE TO OTHERS?

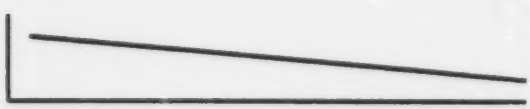
RESOURCES / INPUTS	TASKS	OUTPUTS
People and time	Direct	Product A
Money	Indirect	Product B
Supplies	Overhead	Service C
Plant and facilities	Administrative Support	Service D
Information		Service E

INDICATORS

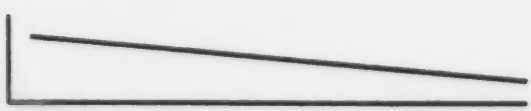
UNIT COSTS OF OUTPUT



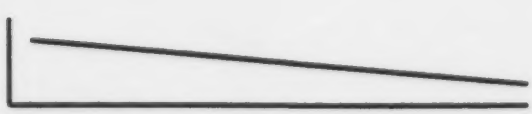
UNIT COSTS OF SPECIFIC TASKS



UNIT COSTS OF RESOURCES ACQUIRED



INDIRECT TO DIRECT COST RATIO



able for secondary impacts just as they are for primary ones.

7. Costs and Productivity

Efficiency is the ratio of a measure of output to the value or quantity of resources required to produce it. If costing systems are in place, costs and productivity can be reported continually. If not, information can be gathered by conducting special studies or through the use of proxies. For example, an indication of the efficiency of a social services organization that provides many different services can be assessed by evaluating average monthly case loads per employee or by comparison with similar organizations elsewhere.

While the productivity of health services can be assessed in relation to services provided, a more meaningful indicator is a comparison of costs to patient requirements for care. One effect of health insurance is to isolate patients, and, to a lesser extent, care providers, from information about the costs of the services. Since health professionals seek the best possible care for their patients, they are encouraged to utilize any appropriate resource that is available. If no visible costs are attached to health resources, there is no potential for economic management. Planners and managers of health services will be unable to make optimum use of these resources in the absence of benefit-cost criteria.

In the United States, some health insurers have adopted alternatives to remuneration by fees for service. For example, health maintenance organizations provide

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suppliers of health care with fixed amounts per patient based upon diagnostic characteristics. For example, if a patient is admitted with symptoms of appendicitis, the care providers receive a fixed amount of money. This is set as an amount that will compensate providers for the costs of providing an average level of service. If more than this is provided, the costs are borne not by the insurer but by the provider. Thus, the care providers have a financial incentive to be efficient. However, there is a obvious risk that the patient may receive less care than he or she should. This can happen if the care provider is not compensated for the cost of responding to any complications that escaped identification during initial diagnosis.

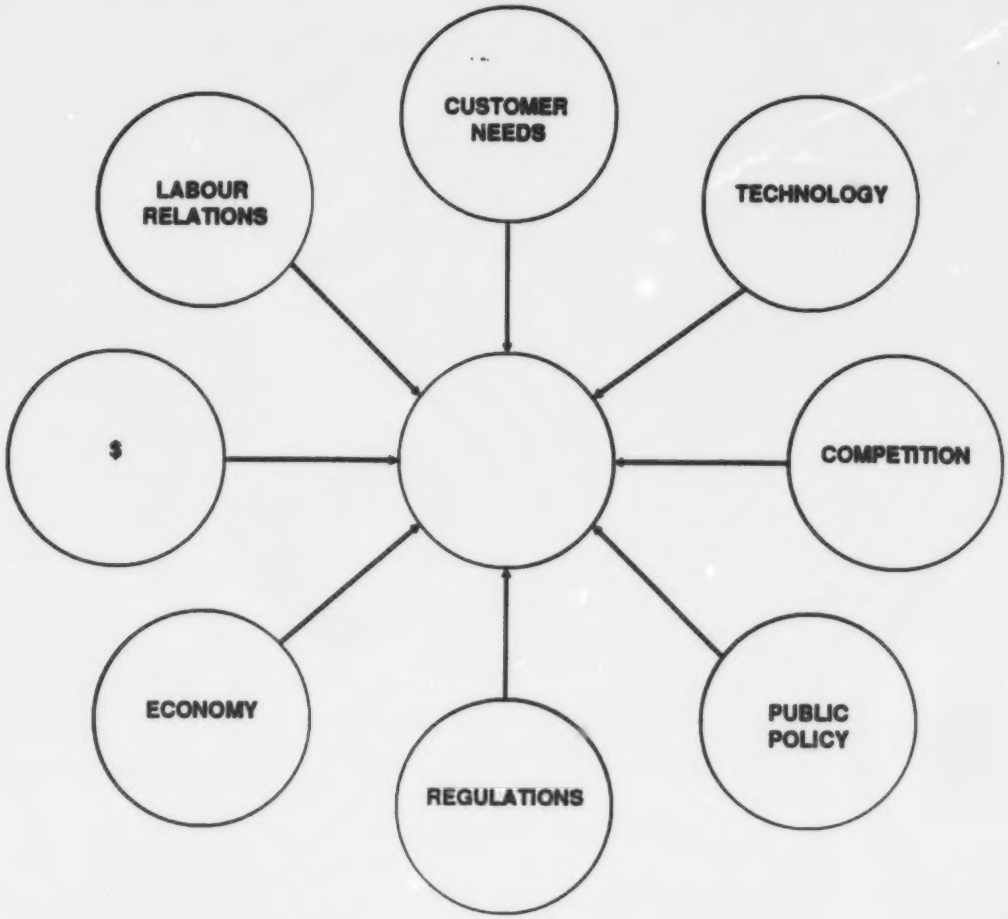
Ideally, care providers would be offered an incentive to be efficient. If costs were avoided, they would capture some of the saving for their own discretionary spending. Safeguards would be needed to ensure adequate quality of care. If nothing else, these fee schedules provide reference points for comparing the costs of services provided by Manitoba's institutions.

If incentives for economic management are not introduced, the Government may have no alternative but to continue current efforts to ration the supply of those services that are seen to contribute the most to additional costs.

Productivity is also a major challenge for the province's education system. Education is second only to health in the burden it exacts upon provincial government revenues.

RESPONSIVENESS

HOW WELL ARE YOU ANTICIPATING AND RESPONDING TO CHANGE?



INDICATORS

THE LIFE CYCLE OF EACH CHANGE FACTOR

THE LEVEL OF INVESTMENT IN UNDERSTANDING EACH CHANGE FACTOR:

- Costs
- Human resources (numbers and talents)
- In associations, research and networks

Enrollment in Manitoba public schools has fallen by more than 15% to approximately 200,000 pupils. Despite this, real costs, those after inflation, have risen or remained stable. The financial benefit appears to have been captured mainly by school divisions and realized in two ways - reduced class sizes and increased special needs programming. While these are positive outcomes, we believe the government should be in a position to make a conscious decision to fund the increased levels of services. This could be achieved by requiring school divisions to submit information and explanations about the impact of falling enrolment and how costs are being reduced or funds are being reallocated.

The productivity of universities can be assessed by unit of instruction or by number of graduates. These measures produce dissimilar results. For example, many doctoral students complete their course work but fail to fulfill thesis requirements. Consequently, costs of doctoral programs are much higher per graduate than per unit of instruction. There is also a need to evaluate costs in terms of absorption of graduates within the provincial work force. For instance, a program that produces far more graduates than are needed in a particular field may be highly efficient but also ineffective. Because the costs of advanced education are very high, we believe it is reasonable for Government to ask universities to account for productivity and costs in the ways described.

8. **Responsiveness**

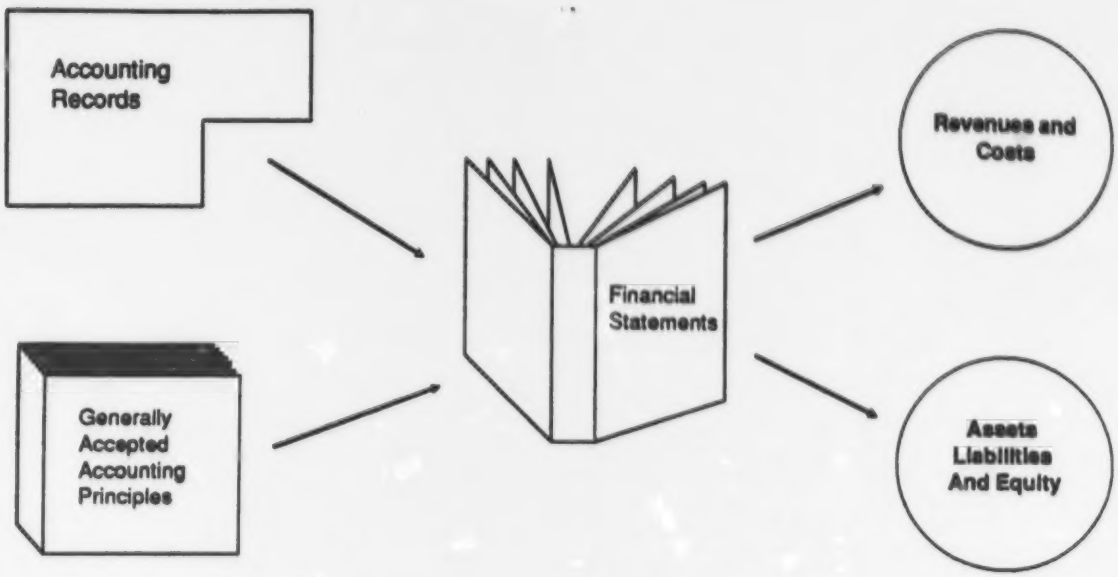
An organization's ability to adjust the changing needs of clients, socioeconomic factors, regulatory require-

ments and policy changes corresponds to the attribute of responsiveness. Effectiveness depends, in part, on how well needs for change are identified and the amount of time it takes to create or modify programs or services. Most organizations scan their external environment to gain knowledge about trends that could affect demand for their services or their capacity to respond. An important assessment question is the amount of investment made by an organization in monitoring each relevant external force.

Under the previous discussion of Relevance, we noted that there are unanswered questions about how responsive the health care system will be to the demands of an aging population. Similarly, due to industrial and technological changes, there is a need for the educational community to evaluate how it can best prepare students for the workforce of tomorrow. The Department of Community Services must respond to a number of social trends. Demand for daycare is being generated by increased participation of parents in the workforce outside the home. The Department has also had to respond to heightened awareness of child and spouse abuse. The fourth department we examined, Employment Services and Economic Security, contends both with many income-related questions such as rising costs of shelter, food and other items, as well as with economic cycles that contribute to changes in the number of employable clients in need of income support.

FINANCIAL RESULTS

ARE YOU MATCHING REVENUES AND COSTS, ASSETS AND LIABILITIES, AND OBTAINING GOOD FINANCIAL RESULTS



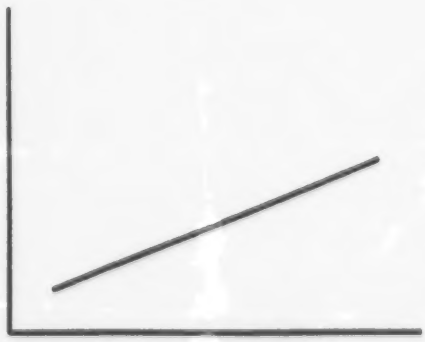
INDICATORS

REVENUES AND COSTS RATIOS

- Earnings per share
- Earnings growth
- Net earnings as a percentage of revenues
- Revenue growth
- Margins and cost percentage
- Interest coverage ratios
- Depreciation and asset replacement coverage
- Funds from operations

ASSET, LIABILITY AND EQUITY RATIOS

- Liquidity
- Asset value, coverage, security
- Asset turnover and usage
- Leverage on equity
- Debt obligation
- Asset growth



9. Financial Results

The annual financial statements, prepared in accordance with generally accepted accounting principles, is a primary and well-established vehicle for reporting information and explanations about financial results. As a result of its Phase I study, the Government has introduced major improvements to its annual financial statements, and these are examined by the Provincial Auditor.

In the case of external organizations largely or entirely funded by government, all submit, or should be submitting annual audited financial statements. This technical area was not examined as part of this study.

One of the essential reasons for commissioning this study was the Government's concern about the type of overspending by external service delivery agencies that leaves the government little choice other than to fund the deficits after the fact or force the agencies to cut valuable services. The symptom of the problem is reflected in the financial results. The origins of the problem are likely to be found in any or all of the eleven other attributes. Accountability regimes that focus purely on financial results are unlikely to be respected or build public confidence and effectiveness in the long term.

The assessment of financial results is also the measurement and comparison of revenues to the costs of providing a program or service. More broadly, this attribute can be regarded as incorporating the revenue structure of government, a department or an external

organization funded by government. Conventional budgeting practices, in the Manitoba Government as well as others, make it difficult to assess financial results. First, revenues and expenditures are normally reported separately. Departments are held accountable mostly for gross expenditures. The second obstacle to the assessment of financial results is that most of Government's work is not costed. To cost labour, some form of time keeping is usually necessary. Although such records are kept for employees who are paid hourly wages, relatively little information on work times is recorded by the majority of employees who receive salaries. One exception is the time keeping carried out by the Department of Highways and Transportation for maintenance performed by salaried employees. Costing also depends upon inventory management practices that allow the costs of materials to be recorded when they are consumed rather than when they are acquired. In the absence of reliable information on costs, the main use of the attribute of financial results is to assess the revenue and expenditure structure of departments, other government organizations or external organizations that receive funding from Government.

Accountability for the financing of public school and post-secondary education is a good example. The financial result of the current system is that most of the burden is borne by the Manitoba Government. In the case of public schools, the Government has intentionally reduced dependence by school divisions on property taxes, specifically, the special levy that is applied for education. For universities, current funding commitments by the Government reflect the outcome of

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decades of incremental budgetting. The Government has sought to maintain, over time, the proportion of university funding that has provided by Government, students and the other university revenues. If Government cannot sustain its current support of all forms of education, it will need to assess the potential to shift more of the burden on to:

- Payers of income, property and other taxes.
- Students or parents.
- Educational institutions themselves.

Most of the financial accountability in education is for expenditures. To meet the Government's need for information on alternative funding methods, there is potential to promote accountability by educational institutions for their revenues. This would also permit Government to assess opportunities to give educational organizations more direct access over revenues that are now collected and distributed by Government. For example, universities could take more responsibility for both tuition fee levels and bursaries thus allowing them to increase tuition fees while ensuring that affordability is maintained.

The Government imposes hundreds of levies and other charges. These resources include Crown land lease fees, drivers license fees, charges for publications, fines, court fees and charges for various regulatory proceedings. More than 200 are listed in a report submitted to the Government in 1986 entitled Expenditure Management - A Review and Recommendations For Reform. Many of these charges bear little or no relationship to costs, thus contributing to public

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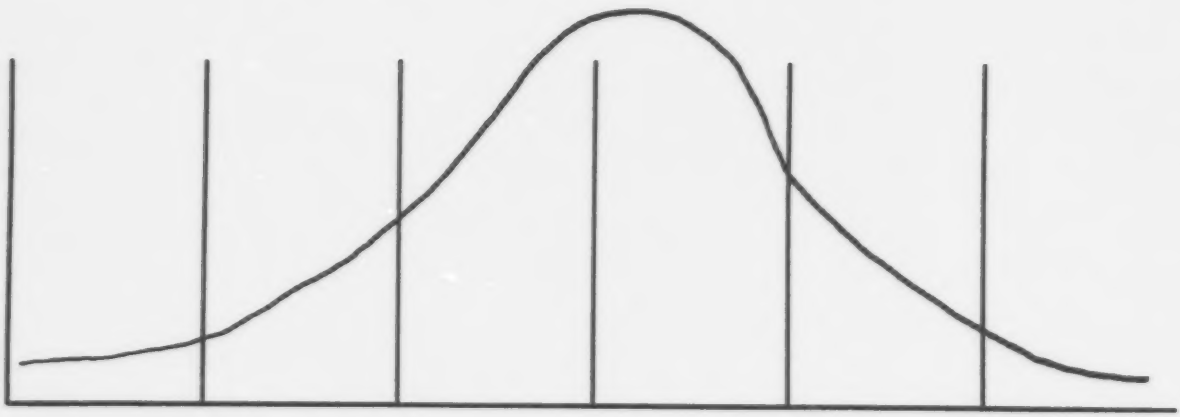
WORKING ENVIRONMENT

IS IT A HEALTHY, HAPPY, CONSTRUCTIVE WORKING ENVIRONMENT WHERE EMPLOYEES ARE MOTIVATED TO WORK TOGETHER, ADAPT TO CHANGE AND DEVELOP?



INDICATORS

EMPLOYEE SATISFACTION

PERFORMANCE APPRAISALS

VALUE RANKINGS AND MATCHING

STAFF PLANNING AND TURNOVER INFORMATION

perceptions that they are opportunistic revenue grabs. To the extent that they are a source of funds for only part of the costs of a program or service, all clients or users receive a subsidy irrespective of whether affordability is a problem or not. By promoting greater accountability for financial results, the Government can gain a truer understanding of the costs of programs or services and assess more easily the potential to introduce systems of fees or charges that correspond to costs. Such measures would not in any way impede Government's ability to maintain affordability by providing subsidies if it so chooses.

10. Working Environment

Another attribute of effectiveness is the constructiveness of the work setting and the opportunities it provides for personal development and accomplishment. Some important questions about the working environment are the following. Do people work well together? Have they convenient access to needed materials or other resources? Is the potential for staff to take on added responsibilities being developed? Are incentives and performance appraisal systems in place?

The working environment has a direct effect on most if not all of the others. For example, if an organization is to be responsive, staff must be able to contribute to timely and appropriate change.

We found that the working environment was an issue in the Department of Employment Services and Economic Security. The Department has put in place many controls in response to previous abuse of income

support and other programs. The authors of a consulting report entitled, A Review Of Economic Security Programs: Final Report, advised the Minister of Finance in December 1988 that:

> "Overall, the (Economic Security) Division is diligently applying its established procedures and regulations; and the risk of serious abuse of the three income support programs examined is generally acceptable."

However, the consultants also recommended that two additional staff be hired to carry out specialized investigations.

While existing controls appear to be working, staff believe they are proving costly. The approval of senior officials is required for many routine matters. We were informed that this is contributing to high volumes of paper work and protracted decision-making.

While the authors of the Economic Security Program review report found opportunities to strengthen controls, they also described examples of unproductive controls. For example, many income support clients are unemployable due to disability or other factors. These clients are both less able and less likely to contravene eligibility roles. For instance, the probability that they will earn unreported income is low. From one year to the next, their financial and living circumstances tend to change little. Therefore, the Department exempts many of these clients from some of its requirements such as that of annual home visits by case workers.

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PROTECTION OF ASSETS

WHAT IS THE LEVEL OF PROTECTION AGAINST LOSSES OF RESOURCES AND SURPRISE EVENTS?

RISKS

Loss of key personnel

Loss of facilities

Loss of systems

Loss of information

Loss of agreement or authority

Loss of funding

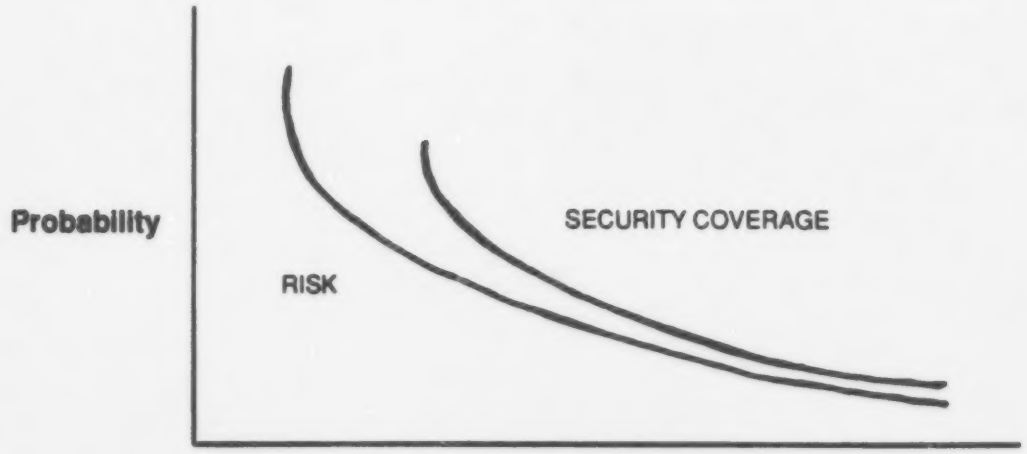
Lawsuits

Economic downturn

Natural disasters

Accidents

INDICATORS



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Days of production

Continuity of service

Customers and markets

The system of controls within the Department has developed in response to often isolated, but highly publicized, instances of abuse. Each new revelation has the potential to be sufficient cause for adoption of a new procedure or control. When new rules are added, there is little inclination to review existing policies to see if they can be streamlined or eliminated.

Although the Department will always have to assign priority to prevention of abuse, there is an opportunity to make the Department accountable for the effect that control requirements have upon the working environment. Therefore, the Department would be expected to provide information on initiatives taken to ensure that control requirements were being met in a selective and efficient manner.

11. Protection Of Assets

The Government has made a large investment in the development of buildings, other facilities, computer systems, key departmental staff and the creation of inventories of materials and supplies. The permanent or temporary loss of these assets can disrupt critical services and generate large costs for Government and the public. The Manitoba Government is the main source of capital for developing or expanding hospitals. Inadequate maintenance can contribute to premature needs for replacement or renovation. In this event, Government incurs major costs that could have been prevented. The Manitoba Government is currently at risk because hospitals have significant discretion over how approved budgets are spent. While a budget plan

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may provide for significant maintenance work, the institution is not compelled to spend funds on the items in the original financial proposal. For example, a hospital may reallocate funds intended for maintenance to the costs of operating a ward originally scheduled for closure.

In our experience, financial controls have limited value in assuring proper maintenance management. In fact, hospitals might well demand substantially more money if they were held to account simply for maintenance spending. An alternative would be a requirement that hospitals submit building condition reports. In addition to providing information on the condition of a facility and major systems, these could incorporate descriptions of work performed in accordance with a maintenance management schedule. The effect would be that hospitals would be responsible for the condition of their facilities rather than for the consumption of resources for maintenance.

The University Grants Commission is similarly concerned about the maintenance of university buildings and facilities. Given a choice between allocating funds to academic programs or maintenance, there is a risk that insufficient money will be put into the latter. While some work can be delayed for a year or two, chronic undermaintenance will contribute to premature needs for renovation or, in the most severe cases, replacement.

Where major assets may be at risk, organizations can be made accountable for their condition and protection. More meaningful than the dollars spent on these, are reports of the state of these assets and descriptions

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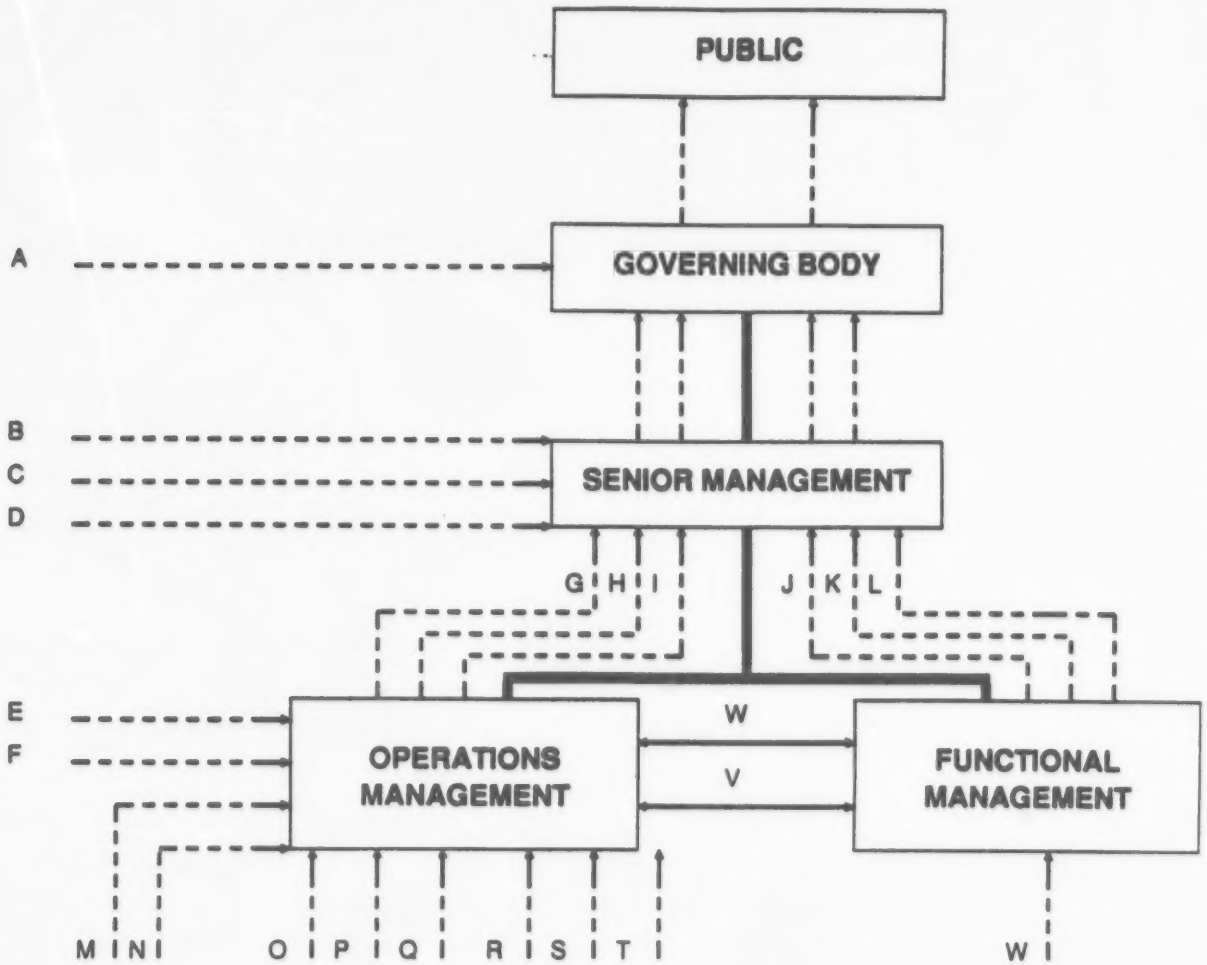
REPORTING AND MONITORING

DO MANAGERS HAVE THE INFORMATION THEY NEED TO MAKE DECISIONS AND TO KNOW HOW WELL THEY'RE DOING AT ALL TIMES?



INDICATORS

INFORMATION SOURCE	EFFORTS (time, costs)	TIMELINESS (frequency, speed)	BREADTH (scope, exclusions)	DEPTH (detail)	RELIABILITY
A					
B					
C					
D					
E					

of the measures taken to ensure their safety and longevity.

12. Measuring And Reporting

The twelfth attribute is a test of how an organization identifies important performance and capacity issues and then provides information about these. The starting point is an inventory of major performance reporting systems and processes. Considerable judgment is needed to determine the decision-making value of the information. The main question is do program managers have the data they need to make adequately informed decisions.

We found two opportunities to strengthen accountability for measuring and reporting. In the Department of Community Services, we were informed of a need to monitor more closely the linkage between grants made to social service agencies and the services they provide. While this a measuring and reporting issue for the Department, it can only be achieved by making external providers of services accountable for financial results. Thus, child and family service agencies would need to record the costs of their services and relate these to funds provided by the Department.

The Department of Employment Services and Economic Security maintains much statistical data. Computer systems generate reports for the managers of the Department's employment services and income support programs. Although these are useful, we were informed that they often do not allow decisions to be made about the performance of individual programs. For this,

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EXHIBIT 15

ILLUSTRATIVE APPLICATIONS OF THE ORGANIZATIONAL EFFECTIVENESS FRAMEWORK

EFFECTIVENESS ISSUE	ATTRIBUTE: Management Direction	Relevance	Appropriateness	Achievement of Intended Results	Acceptance	Secondary Impacts	Costs and Productivity	Responsiveness	Financial Results	Working Environment	Protection of Assets	Measuring and Reporting
DEPARTMENT OF HEALTH												
Matching of health services to needs.			X									
Achievement of planned care goals.				X								
Accessibility of services.								X				
Economic management of resources.							X					
Adequacy of health facility maintenance.											X	
DEPARTMENT OF EDUCATION												
Complementarity of education programs.	X											
Absorption in Manitoba labour force of professional and technical graduates.		X										
Overall levels of educational accomplishment.				X								
Contribution of higher education to achievement of societal benefits.						X						
Efficiency of public school and university postgraduate programs.							X					
Education financing revenue structure.									X			
Capacity to adapt to new educational needs or emerging ones.										X		
Longevity of university buildings and facilities.											X	
DEPARTMENT OF COMMUNITY SERVICES												
Clarity of social service priorities.	X											
Mix of programs directed to related needs.			X									
Support for departmental programs by clients and social service agencies.					X							
Targeting of programs to client needs.								X				
Tracking of link of funds to services.												X
DEPARTMENT OF ECONOMIC SECURITY AND EMPLOYMENT SERVICES												
Employment-related needs to be met.		X										
Effectiveness of income support programs.								X				
Program performance measurement and reporting.												X
Clarity and communication of income support and employment priorities.	X											
Reasonableness of review and approval processes.									X			

management information systems are needed that would allow departmental managers to compare program activity levels to external indicators of need such as local employment statistics.

F. CONCLUSIONS ABOUT THE FRAMEWORK

The preceding accountability issues are ones that emerged during the very cursory review of the four major departments permitted by the scope of our terms of reference. They are by no means all the issues or, necessarily, the most important ones. Nevertheless, they indicate the types of issues that would surface for the attention of managers and elected officials if the twelve attributes of effectiveness were used as an accountability reporting framework.

The framework is a useful tool for identifying opportunities to improve accountability both for departmental programs and by external organizations that deliver services funded by Government. Significantly, many of the questions are ones that would not have been highlighted if a conventional program evaluation method had been employed. We used the 12 attributes, and associated terminology, throughout our interviews with departmental officials who responded positively and clearly to our questions. We conclude that the framework has demonstrable value as a source of a standard terminology for discussing questions of effectiveness.

Exhibit 15 on the facing page summarizes how the examples of accountability issues align with the 12 attributes.

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G. ASSESSMENT OF INFORMATION NOW BEING EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL ORGANIZATIONS

There is another illustration of the value of the framework for assessing the usefulness of accountability information and explanations exchanged between government and external organizations funded by government.

As part of our terms of reference, we reviewed some key documents readily available in the departments with responsibility for:

- Child and family service agencies
- Universities
- Hospitals

The exhibits on the following 12 pages are comparisons of:

- Samples of information exchanged between government and external agencies; to:

- Possible comments or key questions that are generated when the framework is applied.

Once again, we point out the limited scope of our review. There may be all kinds of written and oral information exchanged on an ad hoc basis. We conclude only that the questions do not appear to be part of an integrated reporting framework and accountability reporting mechanism that has sufficient rigour to assure that the information is reaching key decision-makers. While we believe that program managers, at a minimum, should be able to respond to the comments or questions, we caution the reader to avoid the

conclusion that answers to all the questions should be given to elected officials or made public, at least routinely.

MANAGEMENT DIRECTION

DOES EVERYONE UNDERSTAND WHAT THEY ARE MEANT TO BE DOING?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• A Program Standards Manual has been developed to provide direction to the agencies re: procedures and standards of services.	• The extent that staff understand respective roles in carrying out the agency's mandate?
• Organizational identifying information form outlines the aims and objectives of each agency, its organizational chart and personnel policies.	
• The agency's annual report includes a review of programs in relation to objectives organizational changes and major management developments.	
2. UNIVERSITIES	
• Backup to the estimate submissions includes a statement of their mandate, what they want to accomplish and where they are going.	• The extent that these directions are translated into operating plans?
3. HOSPITALS	
• Strategic plan developed by MHSC for major urban hospitals encompassing 10 operating principles that then required the hospitals to respond with a cost restraint program and a commitment to no deficit funding.	• The extent that strategies and operating plans have the understanding, acceptance and commitment of staff and are impacting on day-to-day decisions and levels of service.

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RELEVANCE

ARE ACTIVITIES VALUABLE TO CUSTOMERS AND THE PUBLIC?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Monthly statistical package prepared by the agencies contains volume indicators as a measure of the level of service.	• Volume indicators don't differentiate between voluntary services and non-voluntary services provided by the agencies.
• Agency profiles compiled in conjunction with the University of Manitoba provide statistical trends.	• Will agency profiles be compiled on a regular basis and do they indicate an increasing or decreasing need for the service?
2. UNIVERSITIES	
• Statistics on applications, enrolment, graduates and staffing are provided.	• To what extent are indicators such as admission/application ratios considered to be the measure of relevance, as compared to qualitative indicators, the experiences of graduates and the demand for graduates?
3. HOSPITALS	
• Statistical information on service usage is provided as part of the monthly activity report and the annual return. • Patient abstracts on all admissions are also provided.	• To what extent can this supply of information be matched with qualitative information about demands and community needs for service?

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APPROPRIATENESS

ARE WE GOING ABOUT OUR OBJECTIVES IN THE BEST WAY?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Monthly statistical package provides an indication of service usage. • Individual case reviews by the branch or chief medical examiner provide a report on the appropriateness of service.	• Are external agency services culturally appropriate, identifiable by client groups and effective in reducing reliance on institutional care. Are indicators of these objectives being provided?
2. UNIVERSITIES	
• Regular internal reviews are carried out by the major universities.	• To what extent is there public, peer, student, employer, and provincial participation. How is objectivity and rigour maintained, and what actions are taken on results?
3. HOSPITALS	
• Manitoba hospitals comply with the national standards for hospital reporting in Canada and therefore comparisons with facilities across the country can be made.	• To what extent do national standards focus on capabilities, vs. systems and procedures, vs. efficiency?

ACHIEVEMENT OF INTENDED RESULTS

DID WE ACCOMPLISH OUR GOALS?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Monthly statistical package contains volume indicators while the agency annual report includes a review of programs in relation to objectives.	• What efforts, feedback and information is available to explain performance against the objective of protecting children and supporting families that is seen by the Department as being very difficult to measure. How is the level of service determined?
. UNIVERSITIES	
• Reports on the number of graduates and the amount of contract research work undertaken are provided.	• How successful is an institution in turning out graduates? • What quality in education is being achieved?
. HOSPITALS	
• MHSC has instituted a tape transfer from MHO that allows their analysts access to the entire general ledger and statistics of member hospitals.	• Although a wealth of information is available, is pertinent analysis being carried out?

ACCEPTANCE

WHAT DO OUR CUSTOMERS AND THE PUBLIC THINK OF US?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• The usage of the voluntary services is used as a measure of their acceptance by the public. • Formal complaints to the ombudsman provide an indication of dissatisfaction.	• How do we know the extent that families follow the advice of program staff or the public's acceptance of the service, as suggestions for improvement are directed to the agency and complainants are encouraged to resolve their difficulties at the agency level.
2. UNIVERSITIES	
• Enrolment statistics are a measure of market share of universities vs. others such as community colleges as well as repeat business if it is post-graduate studies.	• Do Manitoba employers believe that Manitoba graduates are well trained? • Do students respect staff, property, rules, assignment and attendance responsibilities? • Why are students not completing programs? • Are enrolments and graduation statistics appropriate relative to labour market needs?
3. HOSPITALS	
• Monthly activity reports and the statistical portion of the annual return provide an indication of usage.	• How do the hospitals know what patients, families, and medical practitioners think of the quality of service?

SECONDARY IMPACTS

WHAT ARE THE UNINTENDED EFFECTS, POSITIVE OR NEGATIVE, OF OUR ACTIVITIES?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• The agency profile and annual report were considered to be the two documents dealing with possible secondary impacts.	• The Department saw the overspending by agencies that resulted in an increased financial commitment on the Government as the main unintended effect of reforming the delivery of child and family services. Are there other secondary impacts? • What type of long term impact is the program having on children and family units.
2. UNIVERSITIES	
• Economic impact studies of university operations and graduating students are carried out from time to time.	• To what extent are universities contributing to the economic and social development objectives of the province and communities affected.
3. HOSPITALS	
• Teaching hospitals justify higher budgets due to research and training needs.	• Do the results of medical education and research justify provision of larger budgets to teaching hospitals.

COSTS AND PRODUCTIVITY

ARE WE CONTINUALLY GETTING MORE OUTPUT FOR LESS COSTS?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Interprovincial comparisons are virtually impossible to make because of the different organization structures. and services.	• What processes, controls and incentives encourage productivity?
• Detailed financial and service reports are prepared by the agencies.	
2. UNIVERSITIES	
• Extensive cost ratio data are provided on a per student, per staff, per program basis.	• Who is analysing, investigating and explaining productivity and taking corrective actions where necessary?
• Ratio data such as the cost/ graduate can be deceptive because of the time lag between enrolment and graduation.	
3. HOSPITALS	
• National standards for Canadian hospitals can be used for comparison purposes.	• Are allocated care costs reflective of true costs if measured per unit of service?

RESPONSIVENESS

HOW WELL ARE WE ANTICIPATING AND RESPONDING TO CHANGE?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Innovation by agencies may be reported in their annual reports.	• No formal monitoring of responsiveness appears to be in place.
2. UNIVERSITIES	
• Senate minutes, press releases and bulletins outlining course and content changes are forwarded to the Commission. • A recently introduced program plan report outlines long-range programming initiatives.	• To what extent are departments good at responding to change at the course level, and are universities reorganizing to respond to change?
3. HOSPITALS	
• As part of the estimates process, hospitals priorize new initiatives.	• To what extent are the hospitals adapting to changing technology, labour relations, demographics, and alternative care strategies?

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FINANICAL RESULTS

HOW GOOD ARE THE FINANCIAL RESULTS

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Annual audited financial statements and interim quarterly statements are prepared. • A monthly commitment accounting report is also in place.	• Does agency formula funding accurately reflect workload? • Do actual expenditures compare to previously budgeted amounts?
. UNIVERSITIES	
• Good financial reporting is in place that follows a standard set of accounting procedures for universities. • National data is available for comparison purposes. • Audited annual financial statements are prepared by the Provincial Auditor.	• To what is the 80% of university funding derived from the public purse related? • What revenue generating plans have been adopted?
. HOSPITALS	
• Audited financial information is provided annually by outside auditors.	• Are revenues matched to costs? • Are institutions maximizing revenues from non-governmental sources?

WORKING ENVIRONMENT

IS IT A HEALTHY, HAPPY, CONSTRUCTIVE WORKING ENVIRONMENT WHERE EMPLOYEES ARE MOTIVATED TO WORK TOGETHER, ADAPT TO CHANGE AND DEVELOP?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• A staffing report is prepared annually.	• How closely is the department monitoring staff turnover in the high stress environments of the agencies?
• Agencies also may do their own internal reviews. Such an assessment of staff problems was incorporated into the agency profiles.	
2. UNIVERSITIES	
• Commission receives statistics on staffing ratios and copies of collective agreements.	• Although the Act restricts the role of the Commission in the area of staffing, are staffing ratios realistic?
3. HOSPITALS	
• MHSC receives copies of collective agreements negotiated through MHO.	• Are the terms of the agreements conducive to a constructive and improved working environment?

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PROTECTION OF ASSETS

WHAT IS THE LEVEL OF PROTECTION AGAINST LOSSES AND SURPRISE EVENTS?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Minimal reporting mechanism for protection of assets.	• Is the Department being kept adequately informed of potential losses or surprise events since it is responsible for maintaining service?
2. UNIVERSITIES	
• Reports on potential problem areas such as lawsuits, accreditation, etc., are provided on a regular basis.	• Is the level of reporting adequate to ensure that the universities continue to meet national accreditation standards?
• Budget requests include planned expenditure on maintenance.	• To what extent are university buildings being kept in good shape?
3. HOSPITALS	
• Major purchases of items such as equipment must be approved by MHSC, utilizing a Form 515.	• What criteria are used by MHSC to approve equipment purchase requests?
• A supplementary audit report to the annual return, which deals with internal controls, is required by MHSC.	
• No information is regularly provided on the condition of buildings and other major assets.	• To what extent are funds previously allocated for maintenance, being used for other purposes?

REPORTING AND MONITORING

DO THE MANAGERS HAVE THE INFORMATION THEY NEED TO MAKE DECISIONS AND TO KNOW HOW WELL THEY'RE DOING?

SAMPLES OF INFORMATION EXCHANGED BETWEEN GOVERNMENT AND EXTERNAL AGENCIES	SAMPLES OF KEY QUESTIONS THAT ARE NOT ADDRESSED BY THIS INFORMATION
1. CHILD & FAMILY SERVICE MANDATED AGENCIES	
• Department is introducing an automated information system across all agencies to track families, service provided and cost.	• Can costs be related to actual cases? • Do agency managers make decisions on the basis of need or on what the budget allows? • What level of financial information is provided to the agency Board of Directors?
2. UNIVERSITIES	
• Commission is provided with a picture of the budget process as part of the budget submission.	• Are the universities open organizations where a lot of information is circulated to facilitate sound decision making?
3. HOSPITALS	
• Health care institutions cannot acquire computer systems before the Manitoba Health Services Commission has reviewed a feasibility study.	• Has the investment in computer systems been too limited?

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V. GUIDELINES FOR APPLYING THE FRAMEWORK

Accountability can be approached from four perspectives:

- Organizational arrangements - that establish responsibilities and authorities.
- Processes and procedures - that establish the timing and form for assembling and exchanging information and making decisions.
- The reporting framework - that establishes the content of the information to be reported.
- Incentives, rewards and sanctions for being accountable and for performance.

In the previous section, we emphasized a reporting framework, due to an apparent void throughout the public sector. Officials told us that, within the Manitoba Government, organizational arrangements, processes and procedures and incentives are mostly adequate or can quite easily be improved to accommodate new demands.

In this section, we offer practical suggestions on how to phase in both the reporting framework and the modifications to the organizational and procedural arrangements that may be necessary.

A. BUILD UPON THE READINESS AND WILLINGNESS OF DEPARTMENTAL MANAGERS

The deputy ministers and other officials to whom we spoke responded positively to the framework. However, they

warned against trying to progress too far too fast. It would take time for their departments to test and apply the concepts, expand awareness of external organizations, and assemble the information and explanations required to meet the expectations suggested by the framework. In some cases, implementation should go hand-in-hand with a strengthening and delegation of departmental authority. Therefore, the success of the framework will depend on some displacement of requirements for central agency review and approval of departmental transactions and proposals, in favour of a focus on after-the-fact accountability for effectiveness.

While adoption of the framework would be a government-wide commitment, we believe its use should be emphasized within departments that show the greatest willingness to respond. Thus, an implementation approach would be developed for each department based upon its readiness. It is always difficult to introduce all at once. As a practical matter, it may be prudent to sort departments into three categories:

1. Primary departments - those who are the most ready, willing and capable of implementing the framework and may serve as demonstration projects for others.

2. Secondary departments - being those who may begin some pilot projects or being to work with certain attributes with implementation as a high priority.

3. Other departments - that may temporarily defer implementation.

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B. EMPHASIZE TOP DOWN WISDOM, COMPREHENSIVENESS AND INTEGRITY RATHER THAN SYSTEMS AND PAPER

The implementation should be guided rather than constrained by the framework. Decisions will be needed about when it will be used and when it will not. If the application is purposeful, effort will be concentrated on most promising opportunities to improve accountability reporting.

Experience suggests that most senior officials and program managers can sit down with the framework and, following minimal preparation and difficulty, start to provide information, explanations and judgments about the importance, strengths and weaknesses for each of the individual attributes. This has been found true for very large organizations and the very small. With this type of top down approach, key strategic and accountability questions are likely to emerge quickly. The value of bringing forward the most important issues far outweighs some loss of reliability or quantitative measures. With an overall top down perspective, analytical and support staff can begin to fill in the detailed information and explanations.

Experience also indicates that if the leadership is delegated to inexperienced technical support staff and analysts, it can soon generate a flood of information, explanations and exchanges of paper that are extremely difficult to assimilate into an objective, comprehensive presentation.

C. HAVE A MULTI-YEAR PLAN FOR REPORTING AND REVIEW

The frequency of application of the framework will depend much upon the reporting need. For example, monthly or more

frequent reporting will be needed of program operations to meet needs of program managers. Annual departmental reports and reports of the Provincial Auditor could both incorporate parts of the framework. On the other hand, comprehensive reporting, especially of whole departments, may normally make sense only once every few years. While the revisiting of strategic choices is obviously one desired result, the process causes inevitable uncertainty. In contrast, program evaluations or effectiveness reviews of individual branches could be undertaken more frequently such as every three years.

To get the most from the framework, we recommend that participating departments and external organizations develop rolling multi-year accountability reporting plans. These would contain a timetable, based on varying frequencies, for:

- Environmental scanning and needs assessment.
- Management information reports.
- Survey research activities.
- Annual reports.
- Program evaluations.
- Internal audit activities.
- Organizational effectiveness reviews and employee surveys.
- Comprehensive external audits.

The framework may be particularly helpful if a multi-year reporting regime is adopted. Since the various reporting mechanisms incorporate some or all components of the framework, they are highly related. This means that the results obtained through one reporting channel can be fed into the next most comprehensive level of accountability reporting.

Over time, with appropriate investment in the development of management systems and analytical methods, the framework can serve as the glue for integrating all the elements of the accountability regime.

D. ESTABLISH AUTHORITATIVE BASE FOR THE ACCOUNTABILITY REPORTS

The framework will have added credibility if it is melded within the institutional fabric of government. The following applications would help meet this need:

- Estimates review or linkages including the format for major departmental proposals that may come forward during the year.

- Accountability agreements and reporting obligations agreed to among Ministers, Deputy Ministers and/or central agencies.

- Annual departmental reports.

- Comprehensive audits and program evaluations - using the reporting framework as an analytical tool.

- Reports to the Public Accounts Committee or other legislative committees.

If the framework is adopted for some or all of these, clear signals will be sent about its significance. The framework is being tested in all of these applications in some specific cases.

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E. MOVE TOWARD LINKING THE FRAMEWORK TO FUNDING AGREEMENTS WITH EXTERNAL ORGANIZATIONS

In the consultant's report entitled, A Overview Of Phase II Reports On Management Practices, Program Administration and Program Delivery, the authors present a summary of the results of the seven Phase II studies. Relations between Government and external agencies were found to be significant issues in the case of four departments: Community Services, Housing, Employment Services and Economic Security and Culture, Heritage and Recreation. In our own review, we found that the issue is also significant for the Departments of Health and Education. The consultants who undertook the review of the Department of Culture, Heritage and Recreation recommend specifically that formal agreements be entered into with recipients of grants concerning the provision to the Department of information on how the money was used. Similarly, the consultants who examined the Department of Housing recommend steps to improve reporting by local housing authorities to the Department.

In short, there is a promising opportunity to strengthen accountability reporting by making it a contractual obligation of recipients.

While in principle, the framework has value as a format for reporting by external organizations, it should be used selectively. Reporting obligations should be confined to those attributes that are most relevant to the relationship of the external organization to Government. The accountability needs of hospitals obviously differ from those of a daycare centre or a provincial sports governing body.

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EXHIBIT 28

Possible Timeframe for Creating Guidelines

Report Type	Attribute Focus	Timeframe
Annual reports	All	1 year - 2 years
Comprehensive audits		
- Of organizations	All	1 year - 2 years
- Of government-wide activities	Specific	2 years - 4 years
Estimates submissions	All	1 year - 2 years
Human resource management audits	Management direction and work environment	6 months - 1 year
Organizational effectiveness studies	All	3 months - 6 months
Policy and program proposals	Relevance and appropriateness	3 months - 6 months
Program evaluations	Results and operations	3 months - 6 months
Quarterly reports by departments	Operations	1 year - 2 years
Reports by officials to Public Accounts Committee	All	2 years - 4 years
Submissions to Treasury Board re:		
- Capital	Intentions and protection of assets	3 months - 6 months
- Operating expenditures	Results and operaions	3 months - 6 months
- Staffing	Management direction operations and work environment	3 months - 6 months

F. PROVIDE SOME CENTRALIZED LEADERSHIP AND SUPPORT

Departmental officials would be the driving force behind the accountability reporting initiatives the framework would help generate. Nevertheless, we believe there is a requirement for centralized leadership and support of departmental activities. These would extend to:

- Development and maintenance of a consistent set of reporting tools and guidelines.

- Provision of hands-on assistance for departmental staff including training and the assessment and reporting of government-wide progress in applying the framework.

- Assurance that suitable governmental priority has been assigned to departmental initiatives.

An important premise behind the framework is that accountability is built upon acceptance of responsibility for the care and feeding of accountability reporting relationships, processes and systems. In Exhibit 28, we present possible timeframes for developing processes and guidelines for various accountability reporting mechanisms. The Government has clearly indicated its commitment to greater accountability by undertaking the series of studies that is concluded by our own review. To ensure that momentum is not lost, continued central leadership will be required.

Above all, we recommend a pragmatic and selective approach. While all the officials we spoke to expressed confidence in the framework and its potential value as a tool for accountability reporting, some departments will be in a stronger position than others to apply the framework to their own programs and relation-

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ships with external organizations. With positive support from the centre, we believe these departments should be the first to undertake pilot applications of the framework.

VI. OPTIMUM ROLES FOR PARTICIPANTS

We next describe how the framework would affect officials, department managers, auditors and external organizations. We also make a series of recommendations designed to be taken by each participant in the accountability chain.

A. CABINET AND ITS COMMITTEES

One of the reasons we presented earlier for strengthening accountability is the need to bring to the surface better information and explanations to help senior officials and ministers reassess strategic choices. This is the collective responsibility of Cabinet. Therefore, under the accountability regimes based upon the framework, Cabinet, Treasury Board and other Committees of Cabinet, could have principal responsibility for evaluating and guiding proposals by departments for fundamental changes in program direction.

1. Communicating The Objectives of Accountability

The long chain of accountability relationships linking the public, provincial government and external service delivery agencies involves many participants and many technical details. Implementation will be greatly facilitated if there is broad communication and policy support of the objectives of accountability. The Deputy Ministers and heads of agencies, in particular, used to receive a clear signal of the degree of impor-

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tance of the subject, its benefits and some objectives to guide implementation.

The public looks to Government for leadership as well as prudent financial management. To the extent that accountability can be defined in terms of a vision of government, and its many parts including relationships with external organizations, political debate and decision can be made more meaningful. Armed with a more realistic appreciation of the challenges and opportunities faced by Government, the public will be more willing to support the often difficult changes that will likely be required. Ultimately, this is the main purpose to be served by promoting greater accountability.

To communicate to the public will require a broad strategy involving caucus, the political advisors, and staff dealing with external agencies. They will all have to help develop consensus and clearly explain the objectives of initiatives to build accountability, effectiveness and public confidence. The objectives as suggested in Section III of this report may have to be reworked and restated many times to clarify the message for different audiences.

Recommendation 1

The Treasury Board should develop a policy statement that clearly states and communicates the objectives of accountability initiatives in such areas as:

- Building on experience.

- Clarifying the authority and responsibilities of Ministers, managers and external agencies;

- Reinforcing management's obligation to provide comprehensive, understandable information and explanations about effectiveness.

- Encouraging managers in government and external agencies to reconcile the competing policy perspectives in their decision-making.

- Reconsidering past strategic choices in program design and relationships among programs.

- Integrating long term planning with daily decision-making.

2. Endorsement or Modification of The Reporting Framework

This report has placed considerable emphasis on the need for a generally accepted reporting framework to ensure that:

- Comprehensive information, explanations and judgements about accountability, effectiveness and strategic choices are brought forward by managers to decision-makers.

- There is some predictability and consistency to the information that is reported to ease the burden on decision-makers.

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There is no perfect framework. If the Treasury Board does not recommend a specific reporting framework, there is the risk that every manager will develop a unique framework and terminology. This may frustrate efforts, and the purpose of accountability initiatives. The framework emphasized in this report is based on 12 attributes of effectiveness. This framework would seem to be as practical as for Manitoba to use a starting point as any other. Politicians, board members of agencies and other decision-makers should be encouraged to try to use the framework to pose strategic accountability questions to managers. Managers should be encouraged to try to use the framework to help them meet their reporting obligations.

In many cases, the attributes of effectiveness offer a topical outline for reports that attempt to portray comprehensive information about effectiveness. In other cases the twelve attributes will form part of the underlying analysis. Not all attributes will be of equal importance. Nevertheless, Treasury Board should encourage managers to try to use the framework to support their reporting obligations unless there are compelling reasons not to do so.

Recommendation 2

The Treasury Board should specifically request managers in government and governing authorities of external organizations funded by government to provide accountability information, explanations and judgments in terms of each of the twelve attributes of effectiveness:

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- Management direction
- Relevance
- Appropriateness
- Achievement of intended results
- Acceptance
- Secondary impacts
- Costs and productivity
- Responsiveness
- Financial results
- Working environment
- Protection of assets
- Monitoring and reporting

3. Approval or Modification of the Recommendations in this Report and Monitoring of Progress.

Outside of the Treasury Board, there is currently no clear "champion" of accountability who combines the political, administrative and technical background and credibility to develop and sustain leadership for types of initiatives suggested in this report. Until such a champion is in place, leadership will have to come directly from the Treasury Board Ministers.

Experience in other jurisdictions and in Manitoba provides ample evidence that administrative initiatives easily and quickly lose momentum, or are fatally emasculated during implementation unless there is other dedicated leadership from ministers, cabinet committee or senior officials.

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Recommendation 3

Treasury Board should explicitly consider, approve or modify each of the recommendations in this report and assume direct responsibility for monitoring progress until there is a dedicated official in place with this responsibility.

4. Systematic Internal Review of Department And Central Agency Roles

Parliamentary government, at its highest levels, is based on two forms of accountability. Cabinet is responsible collectively for government decisions. However, this responsibility must be balanced against that of individual ministers for their particular departments. A perennial challenge is to provide for both types of responsibility in a constructive and complementary way. Central agencies, as instruments of the cabinet's collective responsibility help maintain this division.

Ideally, the role of central agencies is defined such that government can provide overall direction while preserving the discretionary authority of departmental managers. If government is to adopt better and less costly approaches, officials in departments must be encouraged to make appropriate decisions. Departmental managers are on the best position to decide upon the most effective and economical combination of staff resources, investment and purchases of goods and services. While central authorities may set overall budgetary objectives and interdepartmental priorities, these should not impede the ability of senior depart-

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mental officials to make important trade-offs such as the substitution of less expensive resources for others.

We were informed that many departmental managers believe they have insufficient authority to make decisions about resources. Requirements for review and approval by central authorities are often seen to be very time consuming. These perceptions, whether valid or not, can discourage acceptance by managers of responsibility and thus, impede their accountability.

Recommendation 4

Treasury Board should convene a meeting of deputy ministers and heads of central authorities to review the roles of Treasury Board, the Civil Service Commission, the Department of Finance and individual departments. Discussions should be held on the roles of these organizations in terms of their responsibilities for:

- The preparation of annual budgets.
- Development of staffing plans.
- Procurement of goods and services.
- Classification and assignment of staff.
- Staff recruitment, promotion and discipline.
- Prospective and retrospective reporting by departments in regard to delegated authorities.

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Following these discussions, a process should be adopted and a timetable set for assessing potential improvements and implementing changes.

5. Replacement of Control of Transactions and Processes, With Periodic Comprehensive Consideration of Accountability and Strategic Choices.

Treasury Board has clearly established a set of values that indicate to departmental officials and senior levels of the civil service that every dollar of expenditure is important. This value system operates within existing programs and activities. The next step is now to encourage all participants in the accountability chain to begin to revisit the strategic options about the relevance and appropriateness of services and the relationships among programs, and to take a more entrepreneurial approach to management.

Treasury Board should be ready to relax established controls where deputy ministers, with the support of their ministers, come forward with comprehensive and rigorous responses to the recommendations in this report, and are ready and willing to be held accountable for all the attributes of effectiveness. The relaxing of established controls may affect specific transactions, the degree of scrutiny of the annual estimates, and the delegation of classification and staffing authority from the Civil Service Commission.

Before relaxing the detailed controls, Treasury Board should establish and agree on an alternative mechanism for review. For example, the Treasury Board might well agree that at a point in time on a three year cycle, Treasury Board will expect the Minister and Deputy to

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come forward with a comprehensive report on all aspects of their accountability in a prescribed form. Such a report may well be examined first by the Treasury Board, then by other Cabinet Committees, and ultimately tabled in the legislature and referred to a legislative committee.

The objective of this exercise is to provide some relief to senior officials from the pressure of transaction controls and detailed annual estimates review, and replace it with a far more constructive and demanding obligation to bring to the surface all the information and explanations that would help politicians to tackle the more strategically important choices that will optimize the development of the province.

Recommendation 5

Treasury Board should be prepared to respond constructively, including the relaxation of some central agency controls, for those ministers, deputies and external organizations that come forward with comprehensive, credible commitments to provide information and explanations that will establish their accountability to the government, the Legislature and the general public for effectiveness and strategic choices.

B. ACCOUNTABILITY COMMISSIONER, A NEW SENIOR OFFICIAL OF GOVERNMENT

In the next three to five years, it will be important to bring commitment, energy, imagination, focus and leadership to accountabilities at the level of deputy minister. There are a number of challenges to overcome:

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- Developing consensus and commitment from a variety of political and administrative participants in government and external agencies.

- Helping other managers develop comprehensive information, explanations and judgments about effectiveness, and sharing emerging experiences and methodology.

- Encouraging interdepartmental and inter-agency analysis of strategic choices and accountabilities where there are overlapping responsibilities or impacts.

- Monitoring implementation and providing ministers, Treasury Board, the Public Accounts Committee, and other legislative committees with expert information and advice on the rate of implementation, problems and benefits of the initiatives.

- Ensuring that comprehensive, reliable information and explanations about strategic choices come into better focus as a result of these accountability initiatives, and are referred to the ministers, Treasury Board, and Executive Council for consideration.

- Integrating organizational arrangements, processes, reporting frameworks and incentives to provide a cohesive and reliable accountability regime.

Leaderships from a deputy minister level with links to central agencies, line deputies and Cabinet would acknowledge the vital importance of:

- Accessing the unique accountability relationships that are, or need to be, negotiated between each deputy minister, minister, the Premier and central agencies.

- Being able to call and chair periodic meetings among deputies and other senior managers for the purposes of exchanging information about opportunities and strategic choices that surface in cases where there are shared objectives and impacts among departments.

- Giving the Treasury Board the ability to delegate most of their day to day responsibilities for leadership of accountability initiatives to a single official.

Leadership could come from any of the current senior officials, but there are risks. In the cases of:

- The Secretary of Executive Council - accountability initiatives would have to compete for attention with a busy policy and political agenda.

- The Deputy Minister of Finance - accountability initiatives would have to compete for attention with a busy fiscal policy agenda and may be seen to be too closely tied to short-term pressures for spending reductions.

- The Comptroller - accountability initiatives my be seen to be a service provided by accountants and information systems staff rather than a challenging priority for all managers and their support staff of many disciplines.

The Civil Service Commission and the Provincial Auditor can be vitally important professional advisors and can amend

their own practices to support these accountability initiatives, but are not in a position to integrate the initiatives into the agenda and management of government.

It is probably necessary to create a new position and appointment.

It may be difficult to identify one senior official with all the required credentials of:

- Public policy expertise to help the Government refine and explain the objectives of accountability initiatives to various governmental and non-governmental audiences, secure their support, build commitment, and manage the information that should emerge.

- Management expertise to drive the process, keep control of an agenda and find the time and effort to obtain results.

- Technical and analytical expertise to provide advice on a range of issues such as: management, financial reporting, information systems, organizational development, employee development and compensation, program evaluation and social research, survey research and internal audit.

- A credible track record and commitment to developing constructive concepts of accountability of managers of organizations to their governing bodies and the public.

The individual who is selected for this position may need to access a few additional full-time or part-time advisors or

staff from the private sector, government, or the various types of external organizations affected by these initiatives. the purpose would be to share responsibilities, test ideas and supplement expertise.

It is unlikely that staff resources need to exceed four or five individuals to represent a critical mass and mix of expertise to provide leadership and advice - as long as the deputy ministers of major departments are ready and willing to drive the initiatives within their own areas of responsibility.

There is no intent to create a permanent position or central agency beyond the startup period. There is no intent to give deputy ministers of the large operating departments an excuse of not proceeding with accountability initiatives pending direction from a central agency. After a basic implementation period of three to five years, the accountability initiatives should be well enough understood and established in practice that leadership responsibilities can be distributed among existing officials.

Recommendation 6

An Accountability Commissioner should be appointed to provide leadership to government-wide accountability initiatives during an active implementation period. The Accountability Commissioner should:

- Be established at the level of deputy minister, for a term of three to five years, with appropriate authority to appoint other full-time or part-time commissioners, advisors or a small nucleus of staff.

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- Serve as Associate Secretary to the Treasury Board in order to have access to Cabinet's key administrative and policy deliberations, understand and advise as to their accountability implications, and ensure that the information, explanations and strategic choices that emerge from the accountability initiatives serve the needs of Cabinet.

- Provide leadership, research support, coordination, advice and assistance to deputy ministers of major departments who carry the direct responsibility for implementation in their departments and for encouraging implementation in external agencies.

- Provide expert and objective information on inter-departmental analysis of accountability and on the status of accountability initiatives to Cabinet, The Public Accounts Committee and other legislative committees.

C. DEPARTMENT OF FINANCE AND TREASURY BOARD SECRETARIAT

We earlier described how a small staff group within the Department of Executive Council could be supplemented by staff from Treasury Board Secretariat and the Comptroller's Division of the Department of Finance. The respective responsibilities of these two other staff groups would be as follows:

- Staff of the Comptroller's Division would be responsible for:

  - Designing accountability models or reporting prototypes such as reporting schedules for agreements

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with external organizations, program evaluation methodology, formats and procedures for organizational effectiveness reviews and annual reports.

- In conjunction with Civil Service Commission, developing and conducting training workshops for senior and middle departmental managers, policy and program analysts and internal auditors.

- Providing staff support to departments including members of departmental project teams set up to implement new accountability regimes.

- Staff of Treasury Board Secretariat would be responsible for:

  - Initiating an early study of opportunities to streamline the delegation of authorities in conjunction with a strengthening of departmental accountability.

  - Modifying the estimates review procedures to accommodate submission by departments of information in a format that is compatible with a framework.

  - Assessing and approving departmental requests for resources to invest in new or improved accountability reporting systems.

  - Developing procedures and models required to make both departmental and cabinet decisions about program trade-offs.

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- Providing direction to departments about the format to be used for making strategic choices identified by application of the framework.

Both staff groups have a key role in institutionalizing the framework. Although the goal would be to reinforce a sense of departmental ownership of accountability initiatives, they would nevertheless be instrumental in demonstrating that a government-wide commitment had been made to the framework.

D. DEPARTMENT HEADS AND PROGRAM MANAGERS

Departmental officials will have the greatest responsibility for the detailed work, first to develop suitable accountability regimes within their departments and, secondly, to encourage such regimes in external organizations. Deputy ministers indicated that they and their organizations are ready and willing to take the lead. They support the types of frameworks and suggestions that underlie this report. They also stressed the importance of the degree of discretion that they would need in deciding when and how to proceed with implementation, particularly when it comes to dealings with external organizations.

This section tries to provide for that degree of discretion, and at the same time ensure that there is real commitment and coherence to government-wide initiatives.

1. Developing a Reporting Plan

Deputy ministers are not looking for direction or assistance in strengthening their organizational

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arrangements, processes and incentives within departments. They believe these important components of an accountability regime are either working reasonably well or can be readily improved to respond to changing needs. They acknowledge the potential value of the proposed reporting framework but also recognize the practical demands associated with its implementation.

Managers will have to consider the problems of superimposing the framework on top of many diverse activities. In some cases it may be preferable to examine one activity at a time. In other cases it may be preferable to consider a group of activities or the department as a whole. Not all attributes of effectiveness are equally important and there are choices as to which attributes are material to different activities. There are some choices as to how to assimilate this information into a manageable reporting format. There are timing choices for measurement and reporting. In some cases, such as an evaluation of the impacts or public acceptance of an activity, it may be appropriate to assemble some survey information every few years. In other cases, such as family and community interventions by government, capturing information about impacts may involve special studies and research. Performance data dealing with costs and productivity may require improvements to traditional management information systems. Against these variables, managers will have to identify inadequacies in current information and reporting capabilities and develop plans to correct these inadequacies. Financial, operational, social science, survey research, internal audit, economics and information systems disciplines may have to be brought into the process.

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EXHIBIT 29

ILLUSTRATIVE STEPS IN PREPARING A COMPREHENSIVE REPORTING PLAN

1. **DESIGNATE A STAFF LEADER** - who can research the topic and provide staff support during the planning phase.

2. **HOLD A WORKSHOP FOR MANGERS** - to acquire a common understanding of the objectives and to begin considering how the activities of the department would be viewed in terms of the accountability reporting framework.

3. **PREPARE AN INVENTORY** - matching the activities and attributes with existing and possible sources of information, explanations and judgements about accountability and effectiveness.

4. **IDENTIFY THE FORMAT AND STRATEGIC CHOICES** - for moving from the inventory to an organized reporting framework in terms of significance, timing, accountabilities, materiality and choices to be made visible in the reports.

5. **IDENTIFY ADDITIONAL INFORMATION NEEDS AND SOURCES** - that may need to be gathered about certain activities or attributes, and consider how the information can best be assembled.

6. **ASSEMBLE A PLAN** - showing when and how information is to be brought forward for consideration by the minister, Accountability Commissioner and others, and assign responsibility, resources and schedules for reporting to staff.

7. **CONFIRM PROGRAM EVALUATION AND INTERNAL AUDIT ROLES** - to best use their expertise to complement the information gathering responsibilities of other managers, and to add to the integrity of information being brought forward to the deputy minister.

An over-riding leadership challenge to every deputy minister will be to ensure that the process brings real and lasting value to the department and the Government. Most of that value should come to the managers themselves as they go through the process of ferreting out the information and explanations to objectively respond to the tough questions and strategic choices that underlie the framework. If the process is driven by the deputy ministers from the top down, it is likely to be constructive, informative and focused. Without that top down leadership, supervisory personnel and middle managers applying the process are likely to generate a large quantity of unfocused information that is more difficult to use. Middle managers are unlikely to give consideration to strategic choices and opportunities outside of some established assumptions about roles and responsibilities unless they are given some guidance and direction as to the scope of the possibilities.

A convenient way for managers to begin the process is with a structured workshop or discussion group of senior managers giving consideration to the implications of assembling information and explanations about each or the attributes of effectiveness for their areas of responsibility and for the department as a whole. Such one or two day workshops are likely to begin to make visible the strategic choices and benefits of the proposed accountability initiatives as well as providing the starting point for a comprehensive plan. Some additional planning steps are suggested in Exhibit 29 on the facing page.

When developing a comprehensive reporting plan, consideration should be given to the relative importance of

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information that may be contributed from such sources as:

- Internal workload and performance measurement, management information and financial reporting systems.
- Periodic studies or samples of performance.
- Case histories of important decisions, projects and transactions and systems for managing these cases.
- Resource management systems for analyzing human, financial, physical resources.
- Survey research, correspondence and external indicators assembling facts and perspectives of the public, customers, beneficiaries, suppliers, other organizations, decision-makers and employees.
- Program evaluation, planning and management studies, internal audits and analysis performed by any of the specialized disciplines.
- Various files of workloads, demands for service and case histories.
- External libraries, comparisons of efforts and performance of other organizations, and economic and demographic information.

Not all managers may be equally ready and willing to proceed with these accountability initiatives. In

addition, many will want to draw on the expertise and advice of other managers who have pioneered the implementation, or on analysts who have some specialized program evaluation or information management expertise. The limited expertise that does exist can not be made available simultaneously to every manager. As a practical step it would be prudent to concentrate on developing some quality models and pilot projects within departments and for the Government as a whole before rolling this expertise out across Government. It is therefore suggested that departments select one of three approaches to implementation:

- an "aggressive" approach would indicate that the departmental reporting plan would attempt to introduce the reporting framework for all its activities in a relatively short period of time, such as six months. Such an approach would likely tolerate some compromises as to the scope or accuracy of the information and explanations about effectiveness that would become visible. It would give the Government a good basis for beginning to judge the benefits of the initiative and experience at handling the results. It may be desirable not to have more than two or three departments adopt this approach so as not to overload the available expertise and interests of ministers.

- a "targeted" approach may involve focusing on a small number of specific activities or attributes and developing and considering information and explanations about effectiveness at that level before expanding the initiative throughout the

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department. This emphasis on quality before quantity may simplify implementation but defer the benefits.

- the "reactive" approach would be more conservative. It would likely allow time for departments to direct their efforts to other initiatives or the strengthening of management information, program evaluation, resource management and other systems before attempting to develop accountability reports.

An integral part of the reporting plan is to recommend the points in the cycle when the results, in whole or in part, could be considered by:

- The Accountability Commissioner - who would comment on the integrity of the information, explanations and judgements.

- The Minister - who would consider the degree of confidence that is justified in the accountability of the department, any strategic choices to be revisited, and areas for clarifying or negotiating expectations about accountability for the future.

- The Treasury Board - would would consider: the degree of confidence in the accountability of the Minister and the department: the extent that the accountability report either supplements budgetary controls or can be a more effective resource review mechanism than the annual estimates and transaction review processes: the extent that the department deserves some relief from centralized

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controls over the allocation and use of resources: and the extent that they are prepared to expose the accountability report to the scrutiny of the Public Accounts Committee or other legislative review committees.

- Executive Council - who would consider the extent that strategic choices identified in the preparation of the accountability reports should be integrated into the public policy agenda.

In effect, the comprehensive reporting plan and report becomes a cyclical comprehensive self-assessment process for each department based on objective information and explanations. In simple terms, the breadth and depth of the exercise should give the government most of the administrative benefits of an objective public enquiry, Royal Commission, program review or investigative task force. Assigning measurement and reporting responsibility to managers in the first instance, and ensuring that they regularly ask themselves the tough questions about strategic choices and opportunities should bring substantial benefits.

Recommendation 7

Every deputy minister should develop a comprehensive reporting plan to bring to the attention of the minister and the Accountability Commissioner all desirable and feasible information and explanations anticipated by the reporting framework in an organized manageable way within a three year period. The plan should give appropriate consideration to:

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- All the important activities of the department.
- All the attributes of effectiveness in the suggested reporting framework.
- Strategies for encouraging accountability initiatives in external organizations.
- Interdepartmental and inter-organizational accountability for effectiveness, strategic choices and opportunities for restructuring programs to improve effectiveness.
- the breadth and depth of information and explanations now available within departments and economical ways of upgrading this information as appropriate.
- The contributions that can be made by managers and by supporting measurement and analytical groups such as the human resource, survey research, engineering and operations, financial, information systems, internal audit, economics and program evaluation communities.
- The most constructive way of consolidating this information and bringing it to the attention of the minister, central agencies, the public and legislative committees.
- The needs for communication, training and guidance with the department and communities of external organizations so that they are well prepared to participate in these accountability initiatives.

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- The extent that the department is ready and willing to start with (1) aggressive, (2) targeted, or (3) reactive approaches to implementation of the comprehensive reporting plan.

2. Negotiating Comprehensive Reporting Plans With External Organizations

Among the objectives of these accountability initiatives is to make visible comprehensive information and explanations that will help decision-makers make better social and economic trade-offs.

The readiness and willingness of external agencies to provide the kind of information anticipated by the reporting framework will cover a whole spectrum of possibilities. There will be differences between small volunteer or community-based organizations and the large health care, education and service organizations with professional administrative staff. Organizations offering a variety of specialized services to a variety of publics will have more difficulty with comprehensive reporting than those offering a single service to a clearly defined or homogeneous public. Managers will want to adjust their expectations to what is desirable and feasible for each organization and to the state of the art of developments in comparable organizations in Manitoba and other jurisdictions. In other respects the challenges of developing a comprehensive reporting plan and the actual reports, parallels the situation in departments.

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Recommendation 8

Deputy ministers and program mangers in government should, as an integral part of the funding agreements with external organizations, negotiate the terms and conditions for a comprehensive reporting plan from each organization, designed to ensure that the government has an opportunity for an in-depth consideration of the accountability and effectiveness of each organization at least once every three years.

3. Strengthening The Program Evaluation and Internal Audit Functions

Treasury Board, with the assistance of the Comptroller's Division, issued the Management Practices Guide in 1987. The Guide anticipates a management cycle of planning, organizing, reporting and evaluating. Evaluation responsibilities that are clearly assigned to deputy ministers and program managers include:

- Management review - of completed activities and short-term and long-term outlooks by the manager.

- Program evaluation - independent reviews of the rationale for the program, its effect on the public, and its cost effectiveness compared to alternative delivery methods.

- Internal audit - independent reviews of the economy, efficiency and adequacy of management policies, practices and controls.

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The Management Practices Guide contains a description of an accepted approach to program evaluation. In the case of program evaluation, managers can also look to an active evaluation community in Canada, a set of evaluation standards to guide their work, and a forum for exchanging experiences represented by the Canadian Evaluation Society. The Management Practices Guide also contains references to accepted literature and practices to guide internal audit. In the case of internal audit, there is a large and active community in Canada, standards, and professional associations, including the Canadian Comprehensive Auditing Foundation. However, the policies in the Management Practices Guide are not mandatory and do not reflect the government-wide model of practice.

Program Evaluation. Periodically, Manitoba Government departments do undertake evaluations of programs. For example, the continuing care program of the Department of Health was recently examined by consultants for a budget of approximately $150,000. Special studies of government activities frequently incorporate program evaluation methods. For instance, the recent assessment of the distribution of lottery profits included a survey of recipients. We understand that previous program evaluation studies have been designed solely in response to unique requirements of departments at the time. They are not logically connected to any particular accountability reporting plan or framework in the department or elsewhere in government.

Because program budgets are smaller in Manitoba than in larger jurisdictions, there may be less economic justification for the often substantial investment that is

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needed for in-depth evaluation, particularly if there is a difficult measurement component. For example broadly based measurement of family interventions over many years, or of certain agricultural support programs over many years, may be costly exercises. Departments in Manitoba have made greater use of less elaborate alternatives. Comprehensive organizational reviews is a term that has been used. "Comprehensive" in this case refers to the unrestricted scope of the terms of reference rather than the depth or breadth of the conclusions to be reached. Relatively more emphasis is placed on a consulting approach to the examination of selected issues and assembly of opinions than on measurement and data collection. The Phase II studies that preceded this study included examples of comprehensive organizational reviews. Budgets for these reviews are typically between one-half and one-sixth the amounts of those required for program evaluations performed in accordance with established standards. While less costly, the results of a comprehensive organizational review cannot be used with the same confidence in making judgements about the accountability of managers or the effectiveness of a program.

Despite the comparative efficiency and breadth of comprehensive reviews, there will still be a significant long term need for program evaluation in the Manitoba Government. We believe the most important application will be assessment of the so called big ticket programs in education and health. The magnitude and significance of these programs is such that significant investment in research and statistical analysis is easily justified. A consistent and major analytical objective will be rigorous research to gather informa-

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tion about the effects of programs including how well they are accepted and whether the assistance provided was appropriate.

Program evaluation work usually depends upon the professional skills of social and physical scientists and economists with expertise in assessing impacts on individuals and commerce. Consequently, such studies are less useful for assessment of organizational questions. Program evaluation studies are normally most useful in providing information concerning:

- The relevance of the needs to be addressed.
- The appropriateness of a particular program instrument as a means to meet defined external needs.
- Achievement of intended results.
- Acceptance of the value of a program by clients and others.
- Secondary impacts.
- Responsiveness to changing needs or opportunities.
- The monitoring and reporting systems needed to make judgements about the preceding.

So defined, program evaluation would be somewhat broader than it is usually seen to be. For example, appropriateness is often ignored although it is a

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question that can be addressed by most program evaluation specialists.

Internal Audit. Most Departments have an established internal audit function. It is our understanding that these internal audit groups differ considerably in the scope of their work. Most tend to focus either on examining compliance with procedures. These may be financial, human resource or asset management procedures. They may also be the procedures for the basic management functions of planning, organizing and controlling operations. Some audit groups focus more on investigating known problems that need attention. One characteristics of audit activities is the extent of documentation and care that is taken in conducting tests of transactions and procedures before conclusions are developed. As in the case of program evaluations, internal audit can become a costly activity. There is continuous pressure to target efforts to areas of particular concern to managers.

The systems and procedures that are examined by internal audit nearly always serve the attributes of:

- Financial results
- Costs and productivity
- Protection of assets
- Monitoring and reporting.

Depending on the mandate and experience of the internal audit group, the procedures examined by also serve all

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of the other attributes of effectiveness. In other jurisdictions the concept of "comprehensive auditing" is designed to address all the informations and explanations that are reasonably available to examine the accountability of managers to their superiors.

4. Choosing Evaluation Activities

Each deputy minister should have in place evaluation plans and resources needed to support the comprehensive reporting plan and to be satisfied as to the completeness and integrity of the information, explanations and judgements about accountability and effectiveness that are provided to the deputy by other managers. Among the choices to be made are the following:

- The use to be made of program analysts, management reviews, comprehensive organization reviews, program evaluations, internal audits or comprehensive audits to perform the evaluation function.

- The need for objectivity, methodology and expertise in these functions.

- The extent that the evaluation groups are used either to assemble measurement information and analysis, or to confirm that the information assembled and reported by managers is reliable.

- The extent that evaluation activities are most cost-effective if they are conducted separately by separate disciplines or are better performed on an integrated basis by multi-disciplinary teams.

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- The breadth, depth and timing of the examination and reports, recognizing that it may be desirable to review all activities on a cycle of, say, at least once every three years.

- Staffing arrangements for evaluation considering opportunities for using specialized staff, secondments from line management positions, secondments from other departments and contract resources.

- The trade-offs between having a coordinated evaluation plan and the need to remain responsive to changing conditions and sometimes unpredictable or pressing needs of effectiveness information to support decision-making or explain a program to the public.

- The extent that evaluators and auditors could or should be directly involved in examining external agencies.

E. THE DEPARTMENT OF FINANCE

1. Centralized Staff Support

Currently the Comptroller's Office has the lead role in encouraging accountability, evaluation and audit activities in government. There are a number of reasons to suggest that the Department of Finance should have a small nucleus of evaluation expertise available to supplement the resources in departments. Among the advantages:

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- Deputy ministers indicated that from time to time they would like to be able to access more specialized expertise from a central agency or from other departments than might be justified separately in each department.

- A central pool of expertise could be seconded to departmental evaluation projects to help them in such areas as survey research, economic analysis, science and engineering, financial management and social policy.

- A central pool of expertise would help encourage analytical rigour and consistency, the exchange of experiences and methodology among departments, and inter-departmental planning and analysis of evaluation activities framework.

Recommendation 9

The Comptroller's Office should have a small nucleus of staff, some of whom may be seconded from line departments, who would be available to bring specific expertise methodology or interests to supplement departmental evaluation and audit resources on specific projects.

F. MINISTERS

1. Using The Reporting Framework to Make Visible Strategic Choices for Effectiveness And Accountability

The ultimate strengths of the accountability regime will depend on the degree of commitment to account-

EXHIBIT 30

ILLUSTRATIVE QUESTIONS TO HELP MINISTERS REINFORCE THE ACCOUNTABILITY OF MANAGERS

Attribute and Key Question	Supplementary Questions

ability conveyed by ministers to officials. In order to help ministers convey this commitment and discharge their responsibilities in what might be a forbiddingly technical and complex area, it is useful to refer to the types of straight forward accountability and effectiveness questions that are implicit in the reporting framework.

Exhibit 30 on the facing page provides a simple check list of questions that ministers may, from time to time, find to be a useful reference for reviewing proposals, reports or activities of their own department or of external agencies. Repeatedly asking these kinds of questions will go a long way toward causing the managers to respond with care and thorough information and explanations.

Recommendation 10

Ministers should make reference to the types of illustrative questions underlying the reporting framework when formulating questions to staff about the opportunities and choices for improving programs and setting objectives.

2. Delegating Accountability to External Organizations Funded by Government

The Government and the boards of health care, educational, community and social service agencies have a shared accountability. The public tends to hold the Government accountable for the adequacy of funding, the scope and level of services, and for ensuring the integration of services provided by external organizations.

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The public tends to hold the boards and management of these agencies accountable with that framework. To establish and maintain public confidence in these accountability relationships, there has to be clear understanding of the organizational arrangements, processes, reporting obligations and incentives. Deputy ministers and program managers have an important responsibility to negotiate appropriate accountability arrangements in each case and obtain agreement from the organization of any terms and conditions that attach to the funding provided by government and the organization's reporting obligations. When ministers approve a grant and communicate with external agencies, it is important that they specifically link their written approval to the established terms and conditions. Of particular importance is clarifying responsibilities in the event that approved funding limites are exceeded.

Recommendation 11

When approving grants to external organizations, ministers should:

- Ensure that officials have gone as far as is desirable and feasible in negotiating the reporting obligations of the organization, encouraging organizations to make social and economic trade-offs before applying to Government for assistance, and obtaining undertakings as to the reliability of the organizations1 arrangements, processes and incentives for accountability within the organization.

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- Ensure that ministerial approval is unequivocally linked to the obligations negotiated by staff.

G. THE CIVIL SERVICE COMMISSION

The Civil Service Commission has delegated considerable responsibility for staffing to departments. However, the Commission remains in control of classifications, that is the matching of departmental staff to government-wide job descriptions and salary ranges. This contributes to frustration by senior departmental staff. There is a risk that positions may be underclassified if departments fail to present adequately the demands of a position. Because departments believe they are detached from the classification process, they argue they cannot be held fully accountable for the management of human resources. Moreover, once approved, departmental staffing plans tend to be inflexible in the face of either increasing or decreasing demand for government services.

1. Delegating Classification Authority to Departments

Currently, both departmental budgets and staffing are controlled. In principle, staffing restraints should not be needed if budgets are managed. To promote accountability by departmental managers, they should be given the greatest possible opportunity to determine the mix of human, techno logical and financial resources within the context of an agreed financial plan in the form of an expenditure budget.

Recommendation 12

The role of the Civil Service Commission should be redefined to provide for:

- **Assumption by departments of full responsibility for classification.**

- **Development of staffing planning based upon numbers of approved positions within prescribed salary ranges rather than by one to one matches of departmental positions to individual classifications.**

2. Developing Executive And Management Training Programs

Improved accountability depends upon multi-disciplinary bench strength. Financial analysts, program evaluators, policy planners and other specialists all have contributions to make. The Civil Service Commission is the central training resource of the Government. Since the Commission can fulfill government-wide needs, it may be able to achieve economies of scale not possible within individual departments. The Civil Service Commission should evaluate how it can support improved accountability within departments by developing training programs for:

- Program managers and other senior departmental staff.

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- Policy and program analysts.
- Internal auditors.
- Budget officers and other central agency officials.

H. BOARDS, OFFICES AND AUDITORS OF EXTERNAL ORGANIZATIONS RECEIVING GOVERNMENT SUPPORT

External organizations heavily funded by Government, particularly those large enough to have full time staff, should be expected to establish accountability regimes that: build on the capabilities and responsibilities of their boards; reinforce the accountability of staff to the boards; and reinforce the accountability of boards to the Government. Of particular concern to government is that external organizations providing essential services not incur deficits without prior funding arrangements agreed to by the province; that they understand the level of services being provided and do not enter into commitments to increase the scope or quality of services being provided and do not enter into commitments to increase the scope or quality of services without the knowledge of government; that they make as many as possible of the social and economic trade-offs within the organization to encourage optimum value for money for the organization and for Manitoba.

Establishing rigorous accountability regimes in external organizations is not a simple task. The managers, board members and government have to work together to employ tools such as:

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1. Negotiating funding agreements that impose more comprehensive reporting obligations on the organizations so as to ensure first, that board members are receiving all the information they require and second, that the organization is providing the government with information, explanations and judgements about all of the twelve attributes so that the government can better understand accountability and effectiveness issues from its viewpoint.

2. Amending organizational charters and by-laws, and in some cases provincial legislation, to clearly assign responsibilities to boards of directors for satisfying themselves as to the economy, efficiency, effectiveness, spending and commitment controls, scope and levels of service, and adequqcy of information and reporting systems of the organization.

3. Considering the mix and make up of boards of directors to facilitate making social and economic trade-offs within the organization; agreeing on criteria and objectives to help guidfe these decisions at the organizational and community level; and reducing the number of detailed decisions that are pushed up to government.

4. Requiring that organizations with full time staff have an audit committee made up of non-officer directors, and assigning to the audit committee particular responsibilities for ensuring that budgeted expenditures are not exceeded during the year.

5. Agreeing in advance the extent that annual funding should have a component that is variable with the

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volume of demand for services, how spending is to be reported to the board and the province during the year, and the actions to be taken and the liability of the directors and the government in the event of over-spending.

6. Developing annual reports to the board that include management's best efforts at providing information, explanations and judgements about all of the twelve attributes and strategic questions underlying the reporting framework.

7. Ensuring that there is an appropriately objective evaluation and audit component to periodically add confidence and precision to the information, explanations and judgements provided by managers to the board and to Government. This evaluation and audit function may be performed by the organization itself or by the province.

8. On a three to five year cycle, ensure that there is a comprehensive report to the Minister on all activities of the organization, either by the government or with appropriate input from the government and other interests, and this report is considered and approved by the board of directors as well as provincial officials.

An illustration of the type of by-laws that will established this type of accountability regime is found in Part XII of Canada's Financial Administration Act. This legislation goes quite far in estalbishing a apractical framework towards assigning management responsibilities directly to boards, setting out their duties, limiting their authority

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EXHIBIT 31

ILLUSTRATION OF AN ACCOUNTABILITY REGIME FROM CANADA'S FINANCIAL ADMINISTRATION ACT

138. (1) Each parent Crown corporation shall cause

(a) books of account and records in relation thereto to be kept, and

(b) financial and management control and information systems and management practices to be maintained,

in respect of itself and each of its wholly-owned subsidiaries, if any.

(2) The books, records, systems and practices referred to in subsection (1) **shall be kept and and maintained in such manner as will provide reasonable assurance that**

(a) the assets of the corporation and each subsidiary are safeguarded and controlled;

(b) the transactions of the corporation and each subsidiary are in accordance with this Part, the regulations, the charter and by-laws of the corporation or subsidiary and any directive given to the corporation; and

(c) the financial, human and physical resources of the corporation and each subsidiary are managed economically and efficiently and the operations of the corporation and each subsidiary are carried out effectively.

(3) Each parent Crown corporation shall cause internal audits to be conducted, in respect of itself and each of its wholly-owned subsidiaries, if any, to assess compliance with subsections (1) and (2).

143. (1) Each parent Crown corporation **shall cause a special examination to be carried out** in respect of itself and its wholly-owned subsidiaries, if any, to determine if the systems and practices referred to in paragraph 138 (1)(b) were, in the period under examination, maintained in a manner that provided reasonable assurance that

(a) the assets of the corporation and each subsidiary were safeguarded and controlled; and

(b) the financial, human and physical resources of the corporation and each subsidiary were managed economically and efficiently and the operations of the corporation and each subsidiary were carried out effectively.

(2) A special examination shall be carried out at least once every five years and at such additional times as the Governor in Council, the appropriate Minister or the board of directors of the corporation to be examined may require.

(3) Before an examiner commences a special examination, he shall survey the systems and practices of the corporation to be examined and submit a plan for the examination, including a statement of the criteria to be applied in the examination, to the audit committee of the corporaitn, or if there is no audit committee, to the board of directors of the corporation.

(4) Any disagreement between the examiner and the audit committee or board of directors of a corporation over a plan referred to in subsection (3) may be resolved

(a) in the case of a parent Crown corporation, by the appropriate Minister, and

(b) in the case of a wholly-owned subsidiary, by the parent Crown corporation that wholly owns the subsidiary.

(5) An examiner shall, to the extent he considers practicable, rely on any internal audit of the corporation being examined conducted pursuant to subsection 138(3).

(6) An examiner shall, on completion of the special examination, submit a report on his findings to the board of directors of the corporation examined.

(7) The report of an examiner under subsection (6) shall include

(a) a statement, whether in the examiner's opinion, with respect to the criteria established pursuant to subsection (3), there is reasonable assurance that there are no significant deficiencies in the systems and practices examined; and

(b) a statement of the extent to which the examiner relied on internal audits.

to intorudce new services and instructing them to stay within operating budgets. It may serve as a useful model that can be reflected in the by-laws, charters, and funding agreements of external organizations funded by government. Exhibit 31 on the facing page is an extract of some of its broad accountability provisions.

Recommendation 13

Boards, officers and auditors of external organizations receiving government funding should be encouraged to:

- Establish audit committees of the board, preferably made up of non-officer directors and including expertise in management, to provide leadership and objectivity to accountability initiatives in the organization.

- Assess the status of current accountability relationships and ensure that appropriate by-laws, reporting, budgetary and commitment controls are in place to ensure that boards of directors have the responsibility and mechanisms to ensure that organizations do not overspend approved budgets that may require provincial funding of deficits.

- Develop plans for comprehensive reporting of their accountability and effectiveness, using the suggested reporting framework of twelve attributes as a point of departure, and ensuring that there is a comprehensive review of this information on a three to five year cycle.

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I. THE PROVINCIAL AUDITOR

The responsibilities of the Provincial Auditor, as established under The Provincial Auditor Act, fall into three categories:

- Certifying disbursements in accordance with the requirement that "no payment of public money shall be made without the certificate of the Provincial Auditor that there is legislative authority for the payment" - a control that, in most jurisdictions, is maintained by the comptroller or chief financial officer of the government rather than the auditor.

- Reporting annually, "...anything that he considers to be of significance and of a nature that should be brought to the attention of the assembly, including any cases in which he has observed

  (a) that accounts have not been faithfully and properly maintained...

  (b) that essential records have not been maintained or that rules and procedures applied have been insufficient

    (i) to safeguard and control public property, or

    (ii) to secure an effective check on the assessment, collection and proper allocation of the revenue, or

    (iii) to ensure that expenditures have been made only as authorized;

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(c) that public moneys have been expended other than for the purposes for which it was appropriated by the Legislature."

- Examining "the several financial statements required to be included in the Public Accounts..." and expressing "his opinion as to whether they fairly present information in accordance with accounting policies of the government."

The Provincial Auditor's essential role is to give the public, the Legislative Assembly, and to some extent the ministers, confidence in the financial management of, and information provided by, the government. This traditional confidence building role of auditors is sometimes lost sight of in the public attention that is paid to exceptions and weaknesses noted in the Provincial Auditor's annual reports.

The potential of the Provincial Auditor to help build confidence in the accountability initiatives discussed in this report deserves serious consideration. The theme of these initiatives is to focus on the obligation of all participants in the accountability chain to provide comprehensive reporting of their accountability and effectiveness. The reporting framework of twelve attributes is a first step towards opening up the meaning of the adjective "comprehensive" and pointing towards the information, explanations and judgements that decision-makers and politicians can and should expect from managers. The application of the framework still demands conscientious effort, analysis, and technical judgements by managers. Among the many levels of management and the many disciplines of supporting staff, even the best of intentions of the Government and deputy

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ministers can go astray. There will be many opportunities to neglect, obscure, or confuse the reporting obligations of managers. If the link at the top of the chain is weak, the accountability of government to the assembly, the entire chain is likely to be weak. The Government and the assembly have a choice: they either can assume direct responsibility for examining the technical processes themselves or they can designate an officer to do it for them.

In the short term of three to five years, we have suggested that the Accountability Commissioner serve the Government and the Legislative Assembly.

In the longer term, it would be appropriate to assign this responsibility explicitly to the Provincial Auditor. The Provincial Auditor already has related responsibilities with respect to "financial results" and "protection of assets", being two of the key attributes of effectiveness. The Provincial Auditor is well placed to begin to consider the completeness and fairness of some of the non-financial information being provided to the Government, the Legislative Assembly and the public.

The Provincial Auditor now has the power to give consideration to the accountability and effectiveness reporting issues under his statutory authority with respect to "anything that he considers to be of significance and of a nature that should be brought to the attention of the assembly." More explicit authority could come by adding to his legislative reporting obligations such concepts as:

- A very broadly-based confidence-building opinion that appropriate information and explanations about accountability and effectiveness have been reported to the

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Legislative Assembly in accordance with agreed reporting frameworks and plans.

- A more explicit authority to report where appropriate systems and analytical frameworks do not exist to measure and report the economy, efficiency and effectiveness of programs, and further, when it would be reasonable to have such systems and frameworks.

- A very narrowly defined obligation to report any instances where lack of due regard has been paid to economy, efficiency or effectiveness, as to any or all of the twelve attributes of effectiveness reporting framework.

Examples of these types of audit reporting responsibilities exist in other jurisdictions. In particular, Canada, Nova Scotia, Quebec, Ontario, Alberta and British Columbia have given their legislative auditors some responsibility in the areas of economy, efficiency and effectiveness. It is outside our terms of reference to recommend a particular audit mandate for the Provincial Auditor of Manitoba beyond the suggestions just made.

Over a transitional period, the Provincial Auditor can begin to prepare his office to start to consider its potential to build confidence in the broader information, explanations and judgements about accountability and effectiveness that are prepared by managers. The office can benefit from the experience of public sector audit developments in other jurisdictions. In particular, with the Accountability Commissioner, the office can, and should, participate with all the other legislative auditors in the search of the Canadian Comprehensive Auditing Foundation. This research

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considers comprehensive reporting and auditing throughout the public sector from many perspectives, including the health care, municipal, education, Crown corporations, regulatory sectors as well as departments of senior governments.

The concepts of "comprehensive auditing" originated about ten years ago. The intent was to help provide the Public Accounts Committee with the opportunity to assess the results of a comprehensive review of management of each department or agency approximately every four to five years, or once in the life of each Parliament. It was thought to be a constructive way of strengthening accountability. Rather than consider an almost random list of weaknesses and anecdotes from across government, the Public Accounts Committee could look deeper into management and structural issues. These require real understanding of the problems and careful consideration of recommendations that may affect a specific manager or the government as a whole. In the past decade, the concept has been adopted by many provinces, municipalities and institutions and internationally, by other governments.

During the transition period of the next three to five years, the Provincial Auditor should work with the government and the Public Accounts Committee to explore the potential of these concepts to strengthen accountability in Manitoba. This could include demonstration projects, reviews of the comprehensive reporting plans that we have suggested should be prepared by all managers, and consideration of the alternative types of legislative audit direction and methodologies that would be most cost-effective in Manitoba. Much of this analysis could be developed in

conjunction with the experiences and approaches of the Accountability Commissioner.

Recommendation 14

The Provincial Auditor should prepare to add confidence to the information, explanations and judgments about accountability and effectiveness that managers provide to the Manitoba Government and Legislative Assembly by:

- Reviewing the comprehensive reporting plans of each department and the government as a whole, as recommended in this report, and offering information about implementation progress and needs to the Manitoba Government and the Legislative Assembly.

- Conducting demonstration projects to help develop expertise in comprehensive reporting and auditing.

- Participating with other legislative auditors in the research work of the Canadian Comprehensive Auditing Foundation.

- Considering, with the Public Accounts Committee, alternative legislative proposals to enhance the ability of the Provincial Auditor to encourage managers and ministers to provide complete and fair information about accountability and effectiveness.

J. THE PUBLIC ACCOUNTS COMMITTEE AND OTHER LEGISLATIVE COMMITTEES

In addition to Public Accounts Committee proceedings, the daily question period, the annual consideration of esti-

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mates, and the consideration of policy positions and bills in committee, all provide mechanisms for the Legislative Assembly to hold government to account. The Public Accounts Committee has the advantage in that its agenda is driven by consideration of relatively factual financial reports, that have been subject to audit, and by supplementary information provided by the auditor. Members of the Legislative Assembly can determine the role of the Committee and the Committee can choose how to use the information available:

- The Public Accounts Committee can be a non-partisan forum for promoting better understanding and making constructive recommendations to the Government and the Legislative Assembly, or it can be a very partisan mechanism for attacking and defending the performance of government.

- The Committee can concentrate on very detailed transactions, decisions, authorities, rules, budget variances anywhere in government, or it can focus on major programs, government-wide systems and objectives.

In practice, most public accounts committees in Canada exhibit all of these characteristics at different times depending upon the issues being considered, the members and witnesses present, and the role that the committee chooses to play.

The Provincial Auditor states in his report for the year ending March 31, 1988, that the Public Accounts Committee has assumed a more active role including more timely review of his reports. He recommends that the Committee consider holding meetings with deputy ministers to review the progress made by departments in responding to deficiencies

presented in the Provincial Auditor's reports. We believe that these discussions, in addition to financial audit matters, could be broadened to encompass many of the effectiveness issues incorporated within the framework.

In some other jurisdictions, public accounts committees have adopted approaches that might facilitate the work of the Committee in Manitoba, such as:

- Creating a steering committee to plan the work of the Committee, consult informally with the Clerk of the Legislative Assembly, Provincial Auditor and officials of government as required, and inform the members of the Committee in advance of the matters to be considered.

- Having the Clerk of the Legislative Assembly or a researcher suggest some lines of questioning and provide some of the background information that may be relevant to the meeting.

- Encouraging non-partisan exploration of the issues by eliminating or reducing the number of ministers from membership of the Committee, relying on the testimony of deputy ministers to provide information, explanations and assessments in all but the rarest and most controversial matters, preparing a non-partisan report to the Legislative Assembly containing conclusions and recommendations that can be debated in the Legislature.

- Encouraging the Provincial Auditor to examine certain issues of government-wide importance, such as the completeness and quality of information in the

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estimates, developing a knowledge base on these issues spanning a number of years, and issuing reports that help members of other legislative committees.

- Discussing with the Provincial Auditor how his work is planned and conducted, the criteria used for making audit judgments, the matters that he would regard as being of significance to the Legislature, events and trends occurring in the auditing profession and in other jurisdictions, and the accounting practices of government.

- Encouraging comprehensive auditing.

- Having the Clerk of the Legislative Assembly or the government obtain and table responses to recommendations made by the Committee or the Provincial Auditor, and where appropriate following-up on these responses at a later date.

- Having the terms of reference of the Public Accounts Committee and the Standing Orders of the Legislative Assembly provide for the routine sending to the Committee of the province's public accounts and the annual report of the Provincial Auditor.

- Giving the Committee the authority to set its own agenda to encompass the comprehensive reporting, evaluation and internal audit plans of deputy ministers, review the form of the estimates, the annual reports of departments, government-wide procedures for preparing these documents and such other information or reports as would help the Committee understand and suggest how accountability to the Legislature could be improved.

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If the Public Accounts Committee in Manitoba chooses to reinforce the accountability initiatives in this report, it may find the preceding procedural modifications to be useful. Non-partisan examination of the obligation of managers to report their accountability and effectiveness in accordance with a rather rigorous framework could be vital to its success. The objective would be to assure that managers are providing the best information, explanations and judgments that are reasonably possible, and that this information, and so indicated strategic choices and opportunities, are made visible to the Government and to the Legislative Assembly. To the extent that this goal is accomplished, policies and decision-making will be based on better and less partisan information. The Public Accounts Committee can play a unique role in encouraging progress in this direction and in providing reports and advice to other members of the Provincial Legislature.

Recommendation 15

To encourage non-partisan consideration and reporting of the strengths, weaknesses and recommendations affecting the obligation of government to provide better information, explanations and judgments about accountability and effectiveness, the Public Accounts Committee should:

- Clarify its role in standing orders, the Committee's terms of reference and its membership.
  committee.

- Have a steering committee to work with the Clerk of the Legislative Assembly and others to set the Committee's agenda and prepare members for meetings.

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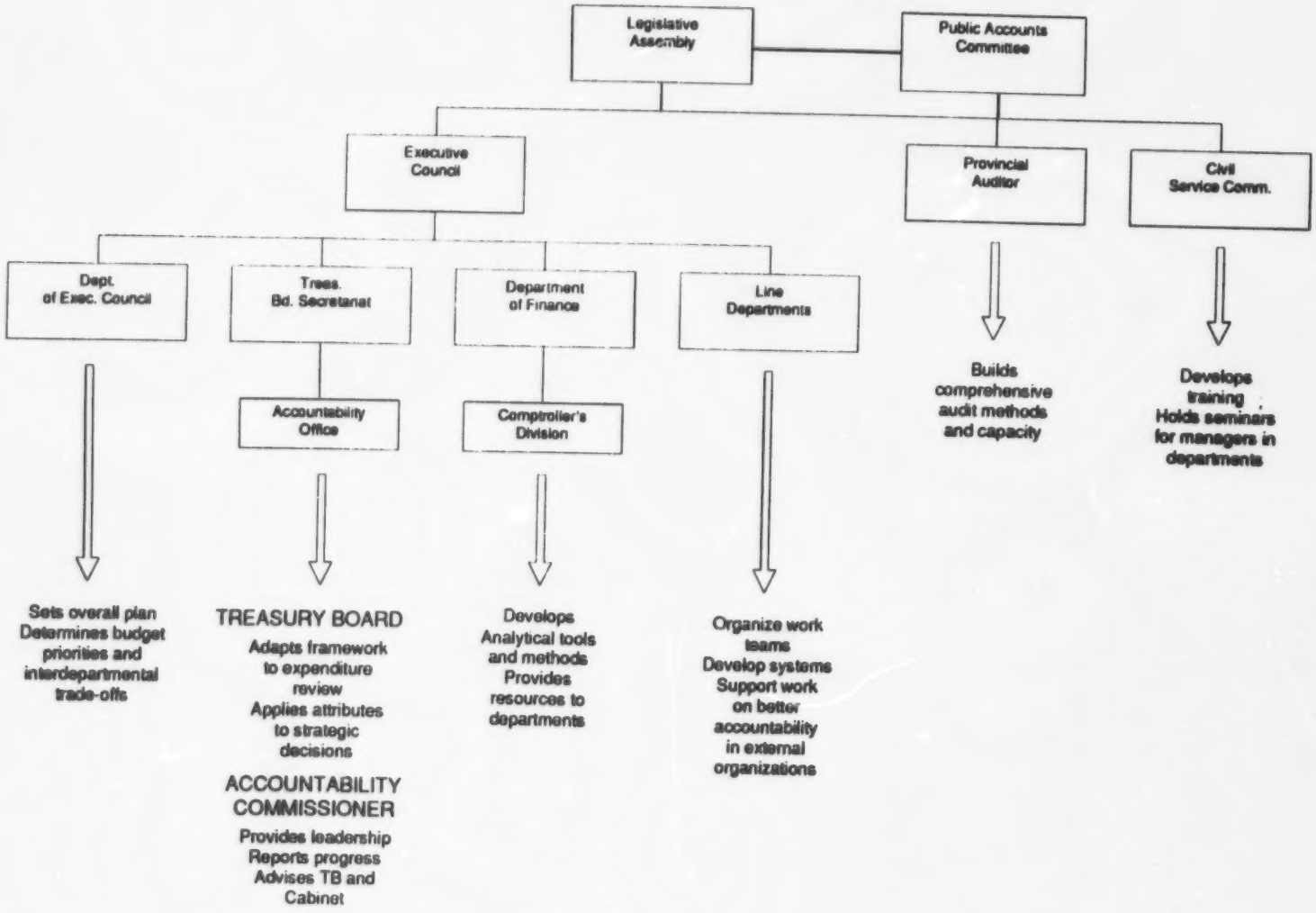
EXHIBIT 32

Proposed Organizational Approach



- Consider the comprehensive reporting, evaluation and internal audit plans of the departments and agencies.

- Offer advice to the Accountability Commissioner, Treasury Board, the Provincial Auditor, and to other committees of the legislature concerning their roles in strengthening accountability.

- Review this report and Government's response to the recommendations.

- Agree with the Provincial Auditor, to a comprehensive audit plan in which each government organization would be examined every three to five years in accordance with the accountability framework.

- Refer to other committees of the Legislature significant issues that require more specialized attention.

Exhibit 32 is a diagram of the proposed organizational arrangements. The approach we present is not the only one that could be taken. Certainly, variations and alternatives will emerge during future discussions about our proposals. The preceding recommendations should not inhibit this process.

VII. IMPLEMENTING THE ACCOUNTABILITY INITIATIVES

The framework provides a conceptual basis for improved accountability. To carry the program forward, the commitment must become operational. The following recommendations are intended to give substance to the initiative including short and longer term objectives.

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A. STEPS THAT CAN BE TAKEN WITHOUT DELAY

There are a number of important steps that can be taken within six months of a decision to proceed. These are as follows:

- Development of a submission for Treasury Board proposing that the twelve attributes of effectiveness be adopted as a general framework for accountability reporting by both departments and external organizations to which Government gives grants.

- Development of a submission for Cabinet of a staffing plan and timetable for creating the required organizational capacity within the Department of Executive Council, Treasury Board Secretariat and the Department of Finance.

- Review of this submission by Cabinet and approval.

- Preparation of a policy statement to be sent to all deputy ministers and central agency heads in which the Government's commitment to the framework would be described.

- Confirmation of central agency staffing arrangements in accordance with the approved submission to Cabinet.

- Formation of a steering committee of officials from the Department of Executive Council, Treasury Board Secretariat, the Department of Finance and the Office of the Provincial Auditor.

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- Establishment and filling of required positions.

- Development of a recommendation for Treasury Board concerning the selection of two or three departments that will participate in the initial implementation.

- Creation of accountability project teams in the selected departments comprised of representatives of the department, the Department of Finance and Treasury Board Secretariat.

- Within those departments, commencement of an inventory of key accountability relationships, issues and reporting opportunities.

- Public announcement of the steps taken by Government to launch the accountability initiatives.

This report could serve as a vehicle for discussion during these initial activities.

B. PROPOSED STEPS FOR THE LONGER TERM

By initially concentrating on the two or three departments that are most willing and ready to participate, the Government would gain valuable experience for use during subsequent stages. Within a two year period following the first phase, we believe the following could be completed:

- Introduction within the Legislature of a short bill defining the duties of the accountability commissioner, providing a five year term for his office and establishing an annual mechanism for a report to be made to

the Legislature, or one of its committees, about steps to improve accountability.

- Based upon the experience gained in the initial implementation steps within the two or three departments first selected, development of a short manual for departmental officials containing guidelines for:

  - The taking of inventories of accountability relationships and reporting mechanisms.

  - Assessment of accountability issues and needs for improved reporting.

  - The projection of uniform formats for typical reports designed in accordance with the framework.

  - The design and implementation of internal departmental reporting of progress.

  - Introducing linkage between departmental activities and those of the proposed Accountability commissioner's office, Treasury Board Secretariat and the Department of Finance.

  - Redesign of the structure and contents of departmental annual reports in accordance with the framework.

  - Negotiation of structured agreements with external organizations funded by departments to incorporate enhanced accountability reporting.

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- Evaluation of departmental prospects for subsequent implementation to allow two or three new departments to commence work in each year.

- Development by the Civil Service Commission and the Controller's Division of the Department of Finance of training modules for middle level management staff.

- For departmental research and program evaluation staff, development of analytical tools for developing indicators of effectiveness in terms of each attribute.

- Assessment of an expanded mandate for the Public Accounts Committee including dialogues with department heads.

- Implementation of annual reporting to the Legislature by the Accountability Commissioner as provided for in the previously described act.

As these steps were undertaken, the Government's accountability program would mature. The framework would become a visible part of the governmental organizational environment. Increasingly, it would be used as a basis for providing public information and thus acquire added legitimacy.

The final phase of the accountability initiative will be completion by the Accountability Commissioner of his or her term of appointment. At this point, we expect there will be a significant opportunity to amend the Provincial Auditor's Act to provide for an attest of departmental actions taken to strengthen accountability. For this, each department would be required to have a long-term accountability improvement plan. The Provincial Auditor would comment on

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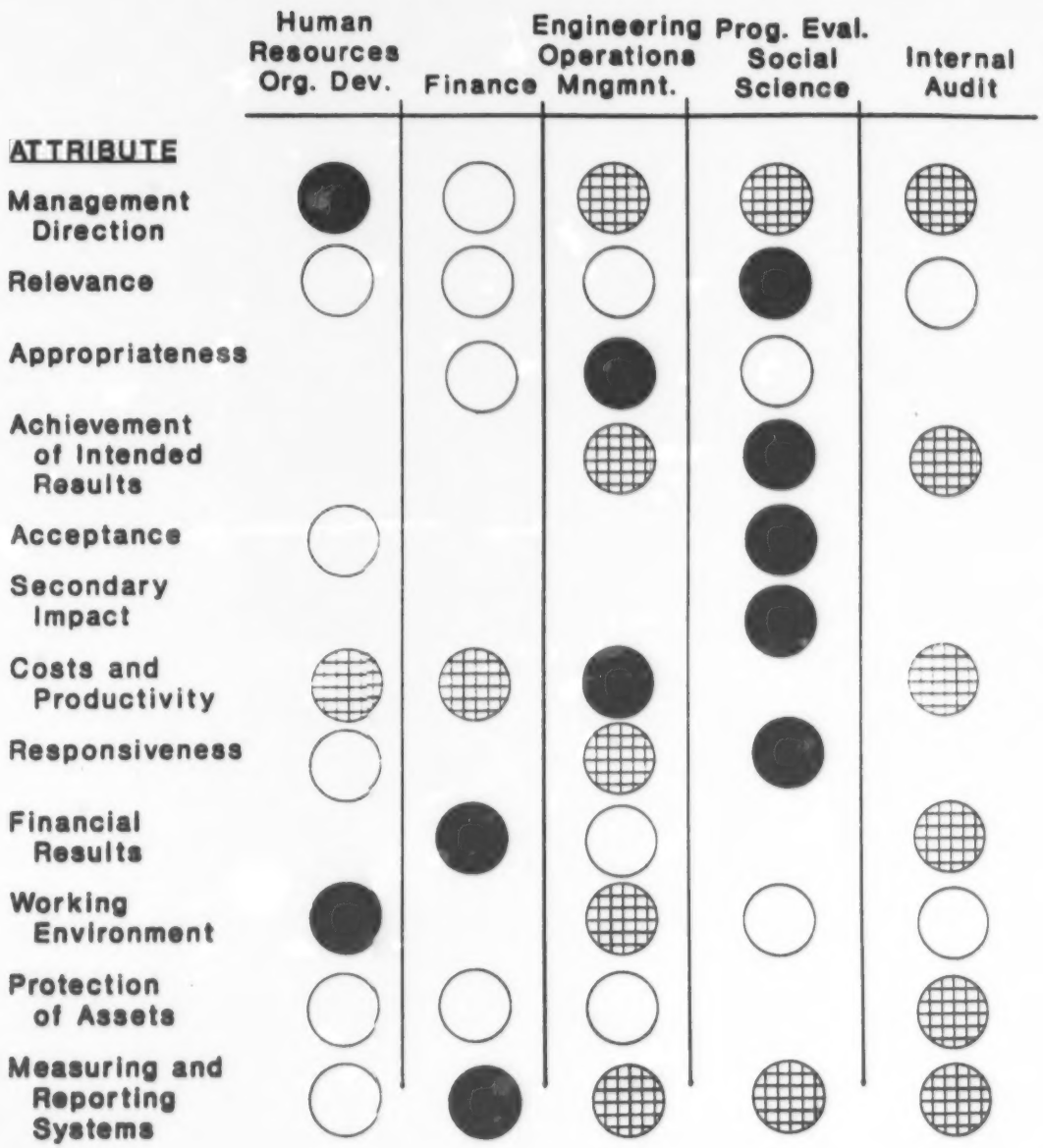
EXHIBIT 33

Skills Needed to Assess Attributes

● *Very High Level* ▦ *High Level* ○ *Moderate Level*



whether or not acceptable progress was being made by the department.

C. NEEDS FOR RESOURCES

Initially, additional staff and funds would be needed to make the accountability program work. However, over time, needs for these resources could well be offset by savings, especially as opportunities are found to de-emphasize reliance upon existing reports. We found a proliferation of financial and statistical reports. The accountability studies undertaken by department should include assessments of whether or not some of these reports could be eliminated or simplified. However, any such savings would not be realized immediately. Therefore, a realistic commitment would be needed early to provide required staff. Departments too would need to be given a fair hearing after they have determined what additional staffing they might require to carry the accountability program forward. Exhibit 33 on the facing page is a chart of the relationship of various professional disciplines required to work on different accountability reporting mechanisms.

There is a close relationship between needs for effectiveness information and the capabilities of departmental computer systems. Consequently, part of the rationale for investment in new or enhanced systems could well be improved accountability reporting.

Progress in implementing improved accountability reporting within departments, individually and government-wide, will depend upon the readiness of individual organizations and the sequence of the implementation. All the departments we examined appeared to be

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good candidates for early participation. Undoubtedly other departments also could undertake projects relatively soon.

VIII. CONCLUSION

Throughout our review, we had the benefit of the support provided by departmental staff, central agency employees and elected officials. Their openness to our ideas and candour were most helpful. All expressed confidence in their ability to assume responsibility for better accountability.

The measures described in this report would entail major changes in reporting relationships rather than structural modifications. Many of the proposals build upon initiatives already undertaken and are underway. However, despite this recent progress, we believe public confidence is at a crossroads. If Manitobans are to support Government in making the inevitably difficult decisions ahead, they need a fuller appreciation of the province's opportunities and challenges. Improved accountability is the main method at a Government's disposal for achieving this goal.

THE COOPERS & LYBRAND CONSULTING GROUP

Pat Lafferty, CA, CMC

Julian Isitt, CMC

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APPENDIX I

LIST OF WORKSHOP PARTICIPANTS AND PERSONS INTERVIEWED

LIST OF WORKSHOP PARTICIPANTS

I. DEPUTY MINISTERS

Mr. John Carlyle
Acting Deputy Minister
Department of Education

Mr. Tom Carson
Deputy Minister
Dept. of Culture, Heritage & Recreation

Mr. Gerry Forrest
Deputy Minister
Department of Municipal Affairs

Ms Roxy Friedman
Deputy Minister
Economic Security & Employment Services

Mr. Eric Harbottle
Deputy Minister
Department of Government Services

Mr. Con Hnatiuk
Deputy Minister
Department of Community Services

Mr. Greg Lacomy
Deputy Minister
Department of Agriculture

Mr. Frank Maynard
Deputy Minister
Department of Health

II. SENIOR OFFICIALS OF PROVINCIAL AUDITOR'S OFFICE, CIVIL SERVICE COMMISSION, TREASURY BOARD SECRETARIAT AND THE MANITOBA DEPARTMENT OF FINANCE

Mr. John Clarkson
Manager of Health & Social Services
Treasury Board Secretariat

Mr. Charlie Curtis
Deputy Minister of Finance

Mr. Terry Edgeworth
Assistant Deputy Minister
Civil Service Commission

Mr. Paul Hart
Civil Service Commissioner

Mr. Fred Jackson
Provincial Auditor

Mr. John Law
Manager, Office of Expenditure & Revenue
Treasury Board Secretariat

Mr. Don Potter
A/Secretary to Treasury Board

Mr. Eric Rosenhek
Comptroller
Department of Finance

Mr. John Singleton
Assistant Provincial Auditor

LIST OF PERSONS INTERVIEWED

Mr. Frank DeCock
Executive Director
Manitoba Health Services Commission

Mr. Charlie Curtis
Deputy Minister
Manitoba Finance

Mr. Allan Goldstine
Financial Officer
University Grants Commission

Mr. Boris Hryhorczuk
Deputy Minister
Manitoba Highways & Transportation

Mr. Fred Jackson
Provincial Auditor

Dr. Benjamin Levin
Executive Director
Universities Grants Commission

Mr. Tom McCormack
Special Advisor to the
Deputy Minister of Health

Mr. Tim Sale
Assistant Deputy Minister
Finance & Administration, Manitoba Education

Mr. John Singleton
Assistant Provincial Auditor

Mr. Drew Perry
Assistant Deputy Minister
Child and Family Services
Manitoba Community Services

Mr. Joe Cels
Assistant Deputy Minister
Community Social Services
Manitoba Community Services

Mr. Winston Hodgins
Assistant Deputy Minister
Economic Security
Manitoba Employment Services and Economic Security

Ms Tannis Mindell
Assistant Deputy Minister
Employment Services
Manitoba Employment Services and Economic Security

Mr. Ed Golembioski
Chief Finance Officer
Urban Health Facilities Division - MHSC

Mr. Waverley Simpson
Commission Secretary
Universities Grants Commission

Ms Teresa Baril - Bissett
Chairperson
Task Force on Day Care

APPENDIX II

LIST OF DOCUMENTS EXAMINED

LIST OF DOCUMENTS REVIEWED

Annual Report 1987-88, Universities Grants Commission

An Overview of Phase II Reports on Management Practices, Program Administration and Program Delivery, Stevenson, Kellogg, Ernst & Whinney, January 1989

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Roch, D.; Evans, R; Pascoe, D., Manitoba and Medicare - 1971 to The Present, Manitoba Department of Health, March 1985

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Procedures for Capital Projects, Universities Grants Commission, undated

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Report on Employment Related Training Programming in Government, Johnston Lahey Associates, December 1988

Report to The Minister of Finance with Respect to A Review of The Department of Community Services Funding Practices and Controls for Central Agencies, Deloitte Haskins & Sells, December 1988

Review of The Government's Business Development Programs, Price Waterhouse Associates, December 1988

Reviews of Government Accounting Policies And Financial Obligations to March 31, 1988, Stevenson, Kellogg, Ernst & Whinney, August 8, 1988.

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Supplementary Information for Legislative Review 1988-1989 Estimates, various departments and agencies

The Government of Manitoba's Housing Programs - A Strategic Assessment, Peat Marwick Consulting Group, December 1988

The Universities Grants Commission - Internal Management Audit Report, Manitoba Education, March 1988

1989/1990 Expenditure Estimates Instructions

1987 FRAME Annual Report, Public Schools Finance Board, Manitoba Department of Education

Manitoba Health Services Commission Manuals:

- Urban Facilities Division, Information Manual (Vols. I and II)
- Long-Term Care Division, Information Manual (Vols. I and II) and Administrative Manual - Financial Supplement
- Rural Facilities Division, Policy Manual and Standards Manual
- Construction Division, Internal Policy Manual
- Guideline to Effective Administrative Management and Accounting Control Practice
- Physicians Manual
- Nursing Home Manual
- Abstract Systems Manual

APPENDIX III

SUMMARY OF ORGANIZATIONAL ISSUES

1.	Organizational arrangements	Supportive, complementary and Clear	Mostly so
2.	Organizational processes	Produce desired results and do so efficient	Processes produce results but are considered too time-consuming
3.	Level and quality of service provided by external organizations funded by government	Demonstrable benefits consistent with government objectives	Need for more information on services and results
4.	Frameworks for accountability reporting	Government-wide reporting capability as well as departmentally specific	Existing frameworks mostly meet departmental needs
5.	Financial control	Money spent as budgeted	Budget objectives almost always meet
6.	Revelance to societal needs	Government well advised by departments and able to respond to changing needs	Need seen for more assessment of rationale for programs and alternatives
7.	Responsibility for maintaining accountability	Elected officials publicly accountable but actively supported by senior departmental officials	Opportunity for departmental officials to have stronger role.
8.	Use of incentives	Departments and external organizations rewarded for reducing costs	Departments and external organizations not rewarded - often penalized instead

9. Positioning of program management	Responsibility assigned to manager with substantial authority for staffing and spending Reasonable comparability of executive level throughout government	Staffing and spending powers often limited Little or no comparability
10. Readiness to require improved accountability reporting by external organizations	Commitment and public support	Under review (Phase II and Phase III) Public support needed
11. Readiness to require improved accountability within government	Commitment and support of officials	Under review (Phase III) Officials appear willing
12. Optimum roles:		
o Ministers and Cabinet	Strategic choices	More opportunity needed
o Deputy Ministers	Management direction	Too much time reported spent on control requirements
o ADMs and directors	Program management	Said to be constrained by inadequate delegation
o Central agencies, e.g. Treasury Board	Coordination; approval on exception basis; setting up global revenue and expenditure targets	Much attention directed to review of detailed matters
13. Professional development	Enhancement of senior executive capabilities; career development; rotation; exchanges	Executive development proposals under review